THE BUSINESS WEEK

JAN 22 1930

No time for tinkerin'!

DON'T HANDICAP YOUR PRODUCT WITH NEEDLESS WEIGHT . . . . .

The growth of industry follows the lines of least resistance. Dead weight, useless weight, non-productive weight, is a drag on industrial progress. Manufacturers, fabricators and assemblers who are not alive to this principle are beginning to lag behind.

The age we live in demands that we do away with inertia, make every pound a useful pound, save handling costs, save freight, save the expenditure of non-productive energy everywhere—on everything.

It is this insistent demand that has brought the widespread call for Alcoa Aluminum and its strong alloys.

Aluminum Company of America is properly equipped physically, technically, and metallurgically to keep pace with the trend towards aluminum and its alloys. Its representatives are prepared to furnish full data on established applications. Its Development Engineers are prepared to cooperate with any manufacturers in new applications. It solicits your inquiries for information or quotations on aluminum and its alloys in the form of Ingot; Sheet; Extruded Shapes; Rolled Shapes; Tubing; Forgings; Die Castings; Permanent Mold Castings; Sand Castings; Stampings; Screw Machine Products; Draw Press Products; Wire; Bar; Rod. ALUMINUM COMPANY *of* AMERICA, 2405 Oliver Building, PITTSBURGH, PENNSYLVANIA. Offices in 19 principal American cities.

ALCOA ALUMINUM

ALCOA

EQUAL STRENGTH WITH LESS THAN HALF THE WEIGHT

THE BUSINESS WEEK (with which is combined The Magazine of Business). January 22 1930. No. 20. Published weekly by McGraw-Hill Publishing Company, Inc. Publication Office, Boston Post Road, Greenwich, Conn. Editorial, Advertising and Circulation Offices, Tenth Ave. at 36th St., New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; C. H. Thompson, Secretary. $5.00 per year. 15c per copy. Entered as second-class matter at the Post Office at Greenwich, Conn., under the act of March 3, 1879. Printed in U. S. A.

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THE
BUSINESS WEEK
A JOURNAL OF BUSINESS NEWS AND INTERPRETATION
FOR THE WEEK ENDING JANUARY 18, 1930

WHAT'S IN THIS ISSUE— AND WHY

• PUBLIC construction was retarded in 1929 because money was "dear." That has been the story but it's rather hard to stick to it since the statisticians are now showing that there was actually more local government financing in 1929 than in 1928. City fathers will borrow more again this year; money is cheaper. But if the additional money failed to stimulate building last year, may we expect it to do so in 1930? This week's discussion deals with an important factor in the present business situation.

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BUSINESS has had to give a good deal of thought to the farmer recently. Its assent to expensive farm relief programs is predicated on their efficacy to make him a better customer. How good a one is he going to be in 1930? Not so good, but, then, not so bad. Sales plans for the farm market will be based on the facts and figures given in this week's issue.

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WISE men of the East who want to know what the people are thinking, fearing, planning, listen to "the talk of the bazaars." Department stores are America's bazaars and the talk that goes on among them is important to business. They are keeping stocks down, sales have dropped lowest on low-priced articles, total sales are off slightly though some stores report gains. That's significant news in this week's news section.

• LOAN sharks may mean nothing to you directly, but indirectly they mean a great deal. If they are preying on your employees as they do prey on employees, if they are reducing buying power, that comes home to you eventually. Our story of how they bleed small borrowers also tells what business is doing to scotch them.

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REDUCTION of naval armament is a naval question, a diplomatic question, a political question. All that and also a business question. What happens in St. James palace in London may color the background of business for years to come. That's why THE BUSINESS WEEK is giving it careful attention.

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WHETHER anything is done about our banking system, everybody from Congress up and down is going to talk about it in the next few months. Business is interested in knowing what all this confusion of investigation and referenda comes down to in plain facts. They can be found on another page this week.

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COAL has been complaining for a long time, but its voice has not been heard among those raised in alarm since the stock market crash. Leaders of the industry say 1930 looks like a good year. They are not curtailing earlier plans for plant improvement. This comes out in our survey of the coal industry in 1930.

Business Outlook

THERE is fairly definite evidence of an upturn in business activity in the records for the first two weeks of January. Something has jiggled the business thermometer, and if we were heading this brief forecast as usual with the weather man's terms, we would have to call the outlook for the first time in many weeks: *slightly warmer.*

Encouraging signs are: Steel production has risen somewhat abruptly; building contract awards are distinctly larger; coal production is running high; non-bulk carloadings have made a fairly good first-week upturn; and business transactions by check outside the stock-trading cities shot up astonishingly for the first week of the year, higher than for any week in 1929, and 7% above last year at this time.

It is, of course, too early to say that these few statistical swallows insure an early summer, and we are not yet ready to forecast the probable time when a sustained upward movement will begin. But sufficient evidence is now in to assert that general buying power was not so greatly hurt by the market crash as has been supposed, that the recession following the boom expansion of the first half of 1929 has probably gone as far as it will go, and that renewed buying activity is beginning to get under way.

Farm Buying Power In 1930

THE agricultural industry keeps its books from July 1 to June 30. The money farmers will have to spend from now until the middle of 1930 depends principally upon what they have gotten or will get out of crops harvested and livestock sold during this crop year. What this amounts to will be of great importance to business during the next few months.

The figures of crop and livestock production are about complete. The chief uncertain factors are, first, the extent to which farm products raised in the past six months have already passed out of farmers' hands and, second, the prices which farmers selling their products during the next six months will receive for them. In general, farm products were marketed earlier during the present crop year than has been usual. The evidence is that there is less wheat on farms and in country elevators in the northwest at this time than in preceding years. Marketing of livestock has, in general, also been faster. This means that a larger part of the farm output than usual has passed out of the farmers' hands at the present time, so that farmers will benefit relatively less from any increases in prices that may take place during the next few months. Because of generally short crops and reduced livestock production, prices in the next few months should be higher than they have been in the past six months, but whether they will be is uncertain because of the prevailing business depression and the weakness of export demand.

The Farm Board's activities in sustaining prices and in persuading wheat and cotton growers to hold their crop from the market may help them somewhat to realize a larger income from this year's production, but the Farm Board's operations in both wheat and cotton probably came too late to have had much effect of this kind.

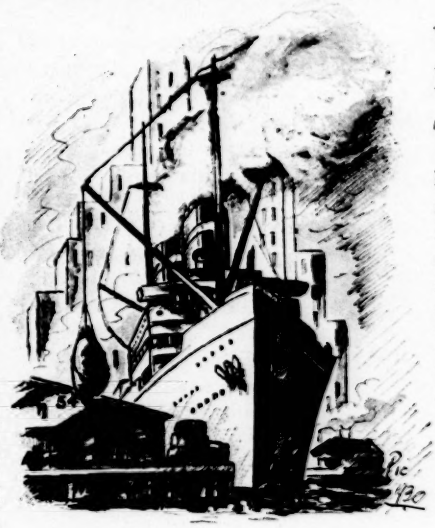
With crop production about 5% less than last year and livestock production somewhat less, farm income during this crop-year would be about $300,000,000 greater than last under normal conditions. But the abnormal conditions of marketing and the changed general business situation make it unlikely that this much additional income will be realized out of the present crop year. The most optimistic estimate now possible is that farm income will be just about the same as during the preceding year or only a trifle higher. The Department of Agriculture's figures indicate, at best, an increase of between $150,000,000 and $200,000,000 in gross income, and the larger part of this has probably already been realized. The Brookmire Service estimates total *cash* farm income for 1929-1930 at $10,582,600,000, practically the same as in the preceding year. For California, Florida, Kansas, Mis-

souri, Montana, North and South Carolina, Oklahoma, Texas the estimates are considerably below, and in the remaining states above or just about the same as last year's.

Prices of the things farmers have to buy have been and will probably continue to be somewhat lower than in the preceding year, so that the purchasing power of the cash farm income may be somewhat higher. For 1929, however, the ratio of prices received by farmers to prices paid by them has been slightly below 1928. On the whole, there is no reason now to expect that business will be much stimulated by increased farm buying power during the next six months.

A large number of experts from the agricultural colleges, the Farm Board and Department of Agriculture are assembling in Washington this week to discuss and report upon the outlook for the next crop-year, 1930-31. The Farm Board has already begun to be worried about the prospects of overproduction next year. Planting of cotton has already begun in some sections. Expectations of aid from the Farm Board next year may tend to increase acreage, although the acreage this year was so large that the crop would have exceeded 16,000,000 bales if it had not been for severe drouth and the boll weevil. The Farm Board is, therefore, telling farmers not to count too much upon its aid in sustaining prices if they plant too much cotton.

The same is true of wheat. The acreage of winter wheat planted this fall is about 2% larger than last year and the spring wheat sections are not enthusiastic about recommendations to reduce their acreage to offset this increase. In view of the plans that are being made to increase the wheat acreage, Sam McKelvie, who represents wheat growers on the Farm Board, is reported to have said that he is glad that he accepted office only until next July because, if these



plans are carried out, we may have a 900,000,000 bushel wheat crop next year, which would create a difficult problem for the Farm Board to handle. In this matter of crop reduction there is natural conflict of interest among the various sections of the country. Each prefers to let the other do the reducing. Since the winter wheat territory has already planted its crop for 1930 the spring wheat sections are not willing to bear the entire brunt of any crop reduction program.

It is a favorable sign, however, that the Farm Board has turned its attention to this problem so soon. Its warnings and those that will probably be issued by the meeting of experts in Washington may have a psychological effect upon farmers, but something more than that will probably be necessary to achieve much control of agricultural production. The Farm Board is hoping to get results in this direction in the course of the next few years by its policy of building up strong, centralized cooperative organizations through which it may be able to control the granting of production and marketing credit to farmers.

What the Naval Conference Means to Business

THE London Naval Conference which began this week is a political event, but one of those in world politics which may color the background of business for years to come, for business today in every country is subtly affected by the atmosphere of international relations. Its success is a matter of great practical importance to business in the next few years, for armament expenditures are a great and increasing burden upon the taxpayers of all countries. In so far as they can be reduced, purchasing power will be released for the benefit of domestic business and international trade.

The details of the negotiations which will fill the newspapers need not concern the average citizen or business man. Only the purpose and result are important.

After the war, and as a result of war-time experience of the United States and Great Britain in trying to send food supplies and troops across the seas, a race to increase navies began. This put a great strain upon exhausted treasuries, and President Harding in 1922 called a conference at Washington to try to halt the naval building competition. The result of this conference was an agreement between the United States, Great Britain and Japan not to build any more battleships larger than 10,000 tons for ten years. There was no agreement about building cruisers or about submarines and destroyers. The building of these began and continued and the conference called by President Coolidge at Geneva in 1927 failed to agree upon any limitation. Great Britain wanted more small cruisers and the United States more large ones. France and Italy did not take part in the conference. England made plans to build many small cruisers and the United States set out to build fifteen of 10,000 tons.

Before carrying out our plans President Hoover made one more effort last year to reach an agreement with Great Britain for limiting the naval programs of the two countries. This was done when Prime Minister MacDonald visited this country. The problem of the London Conference is to complete the details of this agreement, to get the other naval powers to come into it, and even to extend it to other types of armament.

Unless this is done, naval building

on a large scale will begin again. This will be very costly to the American taxpayer. A single modern battleship costs between $35,000,000 and $40,000,000, and even a 10,000-ton cruiser means $20,000,000 or $25,000,000 out of the taxpayer's pocket. The authorized and contemplated naval program for the construction of new ships in this country will cost over $1,000,000,000 in the next ten years, not counting a large increase in the budget for operating costs. Only part of this will be saved as a result of a limitation agreement with Great Britain, because we would still have to construct some ships in order to reach a parity of naval power with England on any of the bases that have been discussed.

The Conference should at least draw attention again to the staggering burden which war preparations put on all countries. From 1908 to 1913 the armaments expenditures of Europe alone amounted to over $45,000,000,000. Yet every major European country except Germany has considerably increased its armament since 1913. It is estimated that world expenditures on armament now amount to approximately $4,300,000,000, of which two-thirds is being spent by Europe, one-sixth by the United States and another sixth by the rest of the world. These figures are merely the cost of naval defense and do not take into account outlays for pensions, war debts and other payments growing out of past wars.

When such outlays are considered, it may be seen that about 70% of the total budgets of Great Britain and France and 80% of the total budget of the United States now go to pay for past warfare or to prepare for future war. Armament expenditures today absorb from 1% to nearly 5% of the national income of the principal countries. Even neutral countries like Sweden and Switzerland, which have enjoyed peace for over 100 years, are using from a fifth to a third of their state expenditures for defense purposes. Although the total amount spent by the United States on armament annually is absolutely larger than that of any other country, the proportion of its national income used for this purpose is smaller—about 1.1%.

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Banking Becomes Everybody's Business

BANKING questions have moved up front and promise to hold an important place in the spotlight for some weeks. Interest focusses on three central developments: Congressional action, state trends, and the national referendum of the Chamber of Commerce. The whole controversy as to changes and regulations of banking by new laws will now get a hearing.

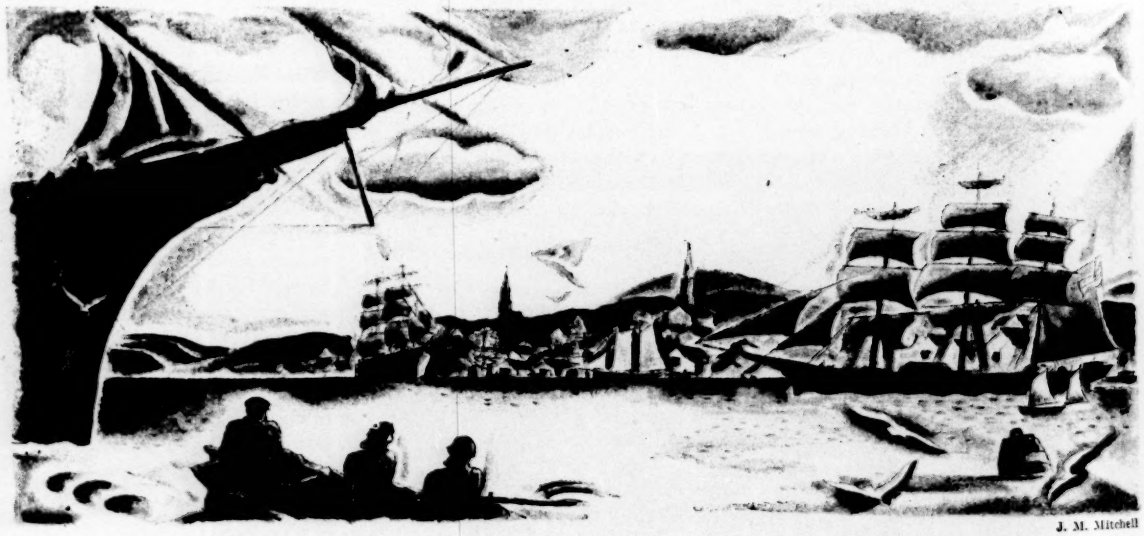
Congressional moves are coming thick and fast. The House has taken the play from the Senate while the latter dallies with the tariff and the lobby investigation. Representative McFadden and his Banking and Currency Committee are ready to open a wide investigation on all affairs financial. "To investigate the universe," say the cynics.

Representative Beedy of Maine has introduced a bill to permit national banks to open branches in each Federal Reserve district, and to provide for federal examination of holding companies. Representative Strong of Kansas has put in one to prohibit all branches and chains. Representative McFadden would take examination powers from the Federal Reserve and put them under control of the Comptroller of Currency. Many more proposals will come, and many persons of importance—and some of not so much importance—will say many things before the committee.

Senator Norbeck's Senate Banking and Currency Committee, after obtaining some early publicity, have been slow in getting away after the holidays. Its members have the King resolution before them. This also calls for a "terrestrial" investigation, and they are likely to hold it. The very moderate Senator Smoot has roundly denounced the National City Bank of New York for its sugar lobbying activities, astounding the chamber. The same bank has been called names before by Senator Glass, of Virginia.

The efforts of the administration to have a mixed committee of Congressmen and others undertake the investigation—and thus possibly hold it in narrower limits—seem to have failed. Congress is going to take the bit in its teeth. The financial world can only hope that it picks a sound road.

The Chamber of Commerce enters the



J. M. Mitchell

scene with a referendum on the Federal Reserve system. Backed by the detailed studies of an expert bankers committee, carried on over nearly three years, this referendum is a more important one than the Chamber has held in some time. Even a cursory reading of the ballot shows that moderation and conservatism have ruled in its preparation.

Every question of the 19 submitted that are of importance, excepting one, carries a committee recommendation specifically supporting the views of the present Federal Reserve Board. Seventeen hundred Chambers, or groups of business men, will consider the questions. The weight of the recommendations, plus the general set-up of the referendum make it most likely that the returns, due February 24, will support the views of the committee and thus of the Reserve system.

Here is a moderating influence on such congressional radicalism as has been vocal so far and is certain to be continued vocal. The Reserve system will figure prominently in any and all banking investigations. The Reserve system wants to be let alone by Congress. The majority of the 1,700 groups of business men, all vitally interested, probably will endorse the system. And what they say will carry much weight. The launching of the referendum just when Congress is taking up the whole question is far from accidental.

Briefly, business, as included in the Chamber of Commerce, is going to vote on the following: A Committee recommendation favoring autonomous regional Reserve banks with discount rates varying according to regional needs (present Reserve Board follows this plan); a recommendation calling for wide powers of currency and credit expansion and contraction with administrative, not legislative, control, and for greater skill in management of system rather than change in structure (in accord with the present status and efforts of the system); a recommendation that credit used in speculation should be restricted (exactly what Board has been trying to do and has said it has powers to do); a recommendation favoring continuance of open market powers, discretion as to rediscounting, and a plan for currency issuance (Board and system want no major changes in structure); a recommendation that the Reserve system should have its own building in Washington and members should get more pay (not likely to be fought by the Reserve!).

Three questions raised are hardly so simply covered. More information as to policies should be given the public, the committee says. This will meet with wide assent, but the system can answer that it now gives more information than any other central bank in the world. The committee is against limiting powers, such as requiring the system to control prices, as under the Strong bill, long pending before Congress.

The most controversial question in the list is that covering the relation of the Reserve system and the Federal Treasury. The committee suggests that the Governor of the Board be also its Chairman, a position now held by the Secretary of the Treasury, and it asks "careful consideration" of the whole relationship of the Treasury and the system, leaving the inference that the Committee believes the two should be divorced.

While interest centers on Washington, several states are considering banking questions and may launch investigations.

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Volume Bonus Is Not Profit-Sharing

PARTISANS of programs to increase dealer efficiency by letting dealers share in manufacturers' profits on the goods they sell have been disturbed by the announcement that General Foods Corporation is abandoning its distributors' profit-sharing plan. They will be reassured by the statement of Edwin E. Taylor, executive vice-president, who says, "The idea of giving distributors who help to build up business a share in the returns is a sound one in the food industry or any other industry. Our plan was given up because the distributors disapproved of the principle of reward for increased volume and were dissatisfied with the operation of the plan."

As a matter of fact, this plan was not a profit-sharing scheme but a bonus for increased volume, which is an entirely different thing. Its fundamental weakness was that it was based on volume instead of on profits. It stimulated the wrong items—those that contributed to volume, rather than those that made profits—and was an incentive to overbuying.

Retailing ► Stores Keep Stocks Low As Sales Average Drops

DEPARTMENT store sales are off slightly.

Everyone is buying, but a little more cheaply than last year.

More sales are being made, but the average sale is smaller.

Such are the reports received by THE BUSINESS WEEK from various parts of the country. On the surface, they are not alarming. A reduction in sales is a natural reaction from last summer's business jag. It was expected, and should not last long.

But throughout the pattern darker shades may be discerned. Most of the department stores report that they are keeping their stocks low, and buying only as they sell. They are holding back on buying even when their sales are "fairly satisfactory." And these stores have also cut prices during post-holiday sales more than last year. On some items, such as furs and furniture, the cuts are large. Yet cutting prices seems to have slowed up those lines in which the practice has become general.

It is perhaps significant that five large New York stores, which appear to have felt the slowing down process less than others, are not running cut price sales. But others of equal importance are, and some of them are offering drastic reductions in many lines. Yet one of the five stores which have offered no reductions exhibited to a representative of THE BUSINESS WEEK a sales sheet showing a 50% increase in one January day's sales over the same day last year.

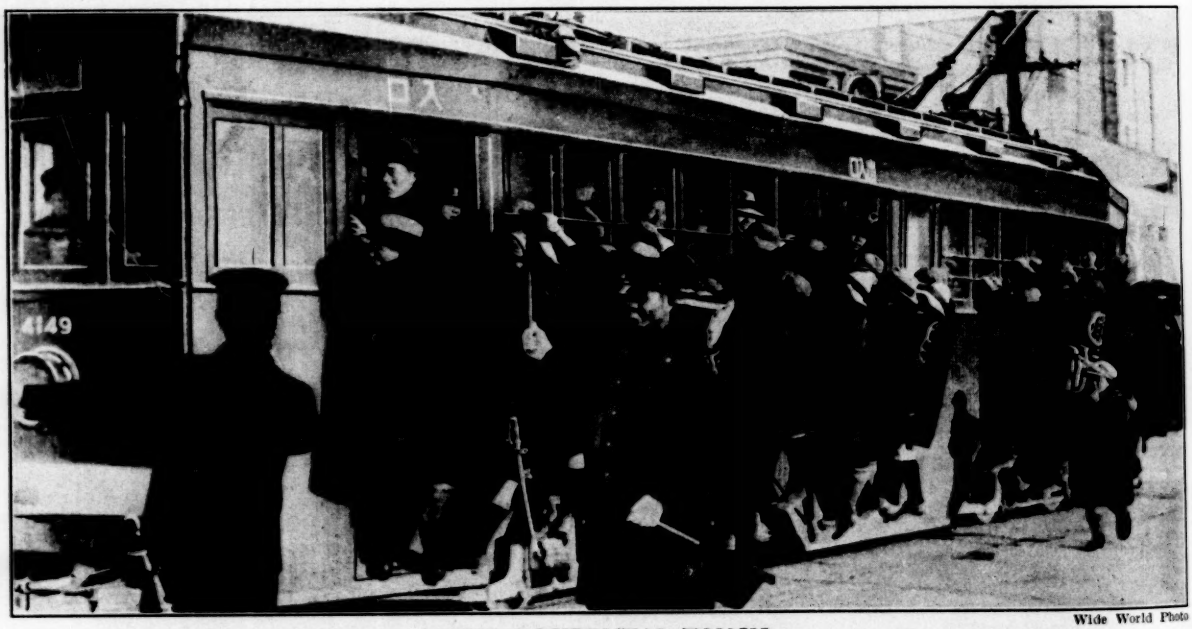
Stores outside of New York and Chicago report that sales have dropped further on low-priced articles than on high-priced ones. From this may be drawn the conclusion that the wealthier people are still buying, although perhaps not as much as before, but that the masses are buying much less. Woolworth's sales for December, an excellent index of the situation so far as the low-priced buyer is concerned, were more than $1,250,000 less than December a year ago.

Production ► Cornstalk Goes Into Business

LONG-AWAITED commercial development of cornstalk by-products seems destined for a real trial with the formation of National Cornstalks Processes, Inc., in Chicago. This $1,000,000 concern, backed by former Governor Lowden, Henry A. Wallace, H. F. Perkins, president International Harvester, and other mid-west business leaders, has leased for five years the patents on cornstalk converting processes developed under Dr. O. R. Sweeney at Iowa State College. Aided by the State, by the Federal Government through the Bureau of Standards, Dr. Sweeney has spent some 15 years in developing processes to utilize the 150,000,000 tons of cornstalks produced annually. Some 15 or 20 industrial by-products have been produced experimentally; the new company's first product will be lumber substitute.

While cornstalks can be converted easily into products for which there is strong demand, the success of a commercial venture depends upon other factors. The harvesting and transportation of cornstalks to mills presents an economic problem which has hitherto prevented successful exploitation of this waste product.

Chains of mills throughout the corn belt are planned to reduce transportation costs. If they should be successful in their aim to provide a market for cornstalks at $3 a ton or more an annual addition to corn belt farmer's income of some $450,000,000 is possible—a much-to-be-desired outcome of Dr. Sweeney's long researches.



Wide World Photo

THE OCCIDENTAL TOUCH

Scenes of this sort are common enough in American cities, but they are rare in Japan. This one occurred during the recent trolley and bus strike in Tokio

Distribution ► **Decision Defines "Substantially"**

THE sphere of the Federal Trade Commission's jurisdiction under the Clayton Anti-Trust Act has been further restricted by the recent decision of the United States Supreme Court holding that the effect of the acquisition by one shoe company of the stock of another shoe company, when less than 5% of the business of both is obtained in competition with each other, is not substantially to lessen competition. The court reversed an order entered by the commission directing the International Shoe Company to divest itself of the stock of the W. H. McElwain Company. International sells to the country trade and McElwain to the city trade. The court declared that to apply the word "competition" to these facts is highly deceptive. The court also held that the purchase of the stock of a failing company, whether or not a competitor, is not prejudicial to the public and does not substantially lessen competition within the intent of the Clayton Act.

Retailing ► **Quick Changes Help Shoe Sales**

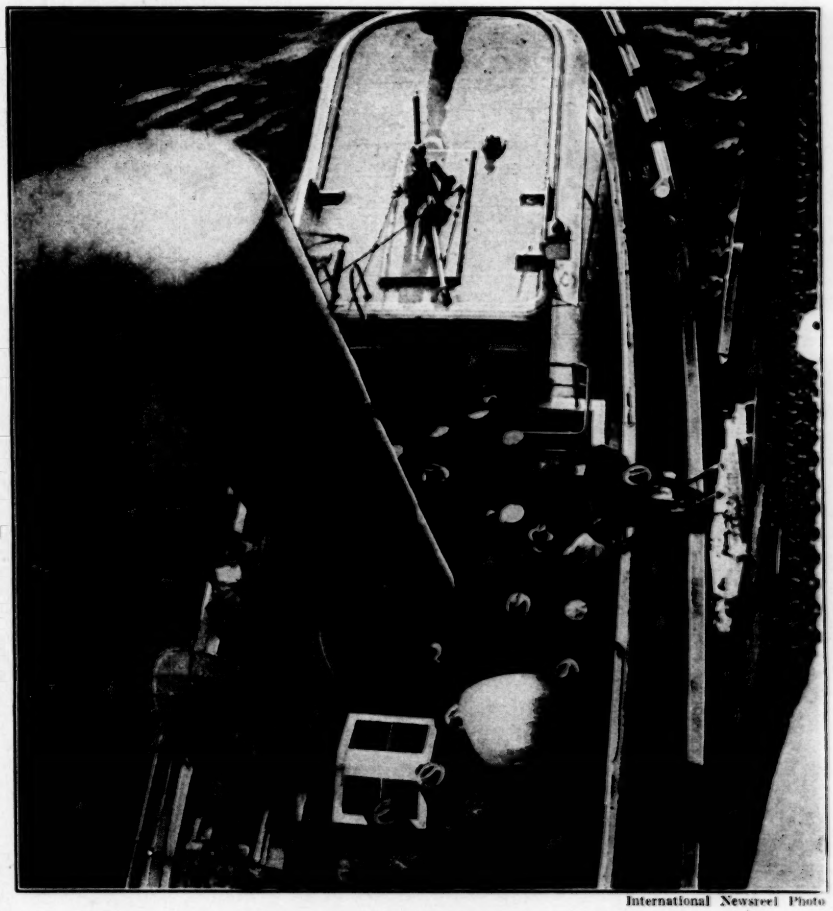
SHOE industry: Not so healthy because production capacity is 50% above consumption requirements and there are too many retailers—but doing very well, thank you, because, as a whole, it is alive to progressive manufacturing and selling methods, and is quick to adapt its styles to the changing tastes of buyers.

This, in substance, is the description of the industry by Frank C. Rand, president of International Shoe Co., at the convention of the National Shoe Retailers Association in St. Louis.

Many dealers fix prices at even dollars, $5, $6, $7. Result is their profits suffer when the wholesale price goes up but not enough to justify adding another dollar to the retail price.

Some dealers have found that shoes sell just as well at $5.25 or $5.35 as at $5, and are advocates of price adjustments of as little as 10 to 15 cents to meet wholesale variations required.

As a means of increasing consumption the industry is urging men to keep on hand several pairs of shoes for various purposes.



International Newsreel Photo

THE LEVIATHAN COMES HOME

United States customs and immigration officials, followed by newspapermen and photographers, swarm aboard from a tug when America's greatest ship reaches Quarantine and stops her propellers for the first time in five days

Automotive ► **Must Beat 1929 Production To Equal 1928 Record**

THE automotive industry seems reconciled to the fact that 1930 output will be about that of 1928 and that profits will approximate the general satisfactory earnings of that year. But if individual makers do as well in 1930 as they did in 1928, well over half of them will need to excel their 1929 records by considerable margins. Strange as it may seem, in spite of a record production year in 1929, only a small proportion of makers equalled their 1928 output.

The answer? Ford. During the first 10 months, total sales increased 29% over the similar period of 1928. Ford sales increased over 300% while sales of General Motors units and of all other producers each declined about 2%.

Cars beside Ford which increased sales included Auburn, 17%; Franklin, 52%; LaSalle, 11%; Oldsmobile, 25%; Graham-Paige, 7%; Hudson, 33%; Essex, 11%; Packard, 9%; Peerless, 6%; Pierce-Arrow, 48%. Great increases

P. & A. Photo

CHARLES S. DEWEY

Financial adviser to Poland, arriving in the United States on a three weeks' business and pleasure trip, reports a satisfactory financial situation in the Polish Republic

were made by cars which were not in production throughout 1928 including DeSoto, Plymouth, Marquette, Viking, Roosevelt, Black-Hawk.

Cars with smaller sales in 1929 than in 1928 include Chrysler, Dodge, Durant, Gardner, Buick, Cadillac, Chevrolet, Oakland, Pontiac, Hupmobile, Jordan, Marmon, Windsor, Nash, Reo, Studebaker, Erskine, Stutz, Whippet, Willys-Knight. During 1929, total sales have been divided into three nearly equal parts: Ford, General Motors, and all others. With a cut of about 1,000,000 cars forecast for 1930, this distribution is likely to be disturbed. To whose benefit? is the question which agitates sales managers throughout the industry.

Production ► **Conferences for Foremen**

MACHINERY builders of Milwaukee have organized foremanship conferences in their plants. Recognizing that "schools" for foremen are not often appropriate, the conferences will consist of discussions of common problems. A leader, trained in a school conducted by the Educational Department of the National Metal Trades Association, handles the group.

Utilities ► **Industry Watches Banker-Control**

A NEW development in the "jockeying of banking giants for place in the utility field" (THE BUSINESS WEEK, Sept. 28) was brought out this week with an analysis of the set-up of the recently reorganized Standard Power and Light system. It now appears that the present equity of bankers (through the United States Electric Power Corporation) in the company is close to 75%, and that of H. M. Byllesby & Co., a management corporation, 25%. On this basis, the election of eight United States Electric and seven Byllesby directors to the board of Standard Power and Light is explained.

Although bankers hold control in the set-up, it is felt in utility circles that no attempt will be made by them to manage the properties. Commenting on the trend toward banker control in holding company mergers during 1929, *Electrical World* says: "No one can say that the present movement is good or bad for the industry as a whole, but inherent in it are opportunities for departing from the sound merger and financial policies heretofore followed by the industry. And if a detrimental reaction occurs, it will affect the industry itself and not the bankers who control the money pools. This has been the experience of the railroads, of the sugar industry."

Mergers will slacken in pace and interest in 1930, utility leaders believe. Some will be brought about, of course, but consolidations based on bankers' profits are expected to pass into the limbo of forgotten things. The bankers made handsome returns out of electric public utility flotations in 1929 and, while the going was good, it was often a question whether ethics and the wonted caution of bankers were not more honored in the breach than in the observance. The November slump was not without its lesson to both bankers and public utility operators.

Wide World Photo

EGYPTIAN HONEYMOON

Julius Rosenwald, Chicago merchant and philanthropist, sails with Mrs. Rosenwald for a bridal tour to the land of the Pharaohs. Mrs. Rosenwald was formerly Mrs. Adelaide Rau Goodkind of St. Paul, mother-in-law of her husband's eldest son

P. & A. Photo

$1,500,000 FOR POWER

That will be the annual bill of the Reading railway, now in process of electrification. Agnew T. Dice, president of the road, recently signed the power contract with the Philadelphia Electric Company

Steel ► **Railroads Regain Consumption Lead**

A RACE of giants is that between railroads and the automotive industry for first place in steel consumption. Five years ago railroads consumed twice as much steel as automobile makers. The ratio declined until in 1928 the automotive share slightly exceeded the railroads'. During 1929, both greatly increased their total consumption but, again, railroads forged slightly ahead in proportionate tonnage consumed.

Railroads buy rails, track accessories and plates while the automotive industry requires more bars, sheets and strip steel.

Thus railroad steel is considerably cheaper than automotive, so the latter continues to lead in the value of its steel consumption despite losing first place in tonnage.

The rapid growth of Ford output during 1929, along with other small cars, explains why, with a record-breaking production, the motor industry took second place to railroads in tonnage consumed. Since the trend in automotive design is toward light weight while railroad designers specify constantly heavier structures, the former may never again repeat its 1928 record.

Communications ► **More Voices Across the Sea**

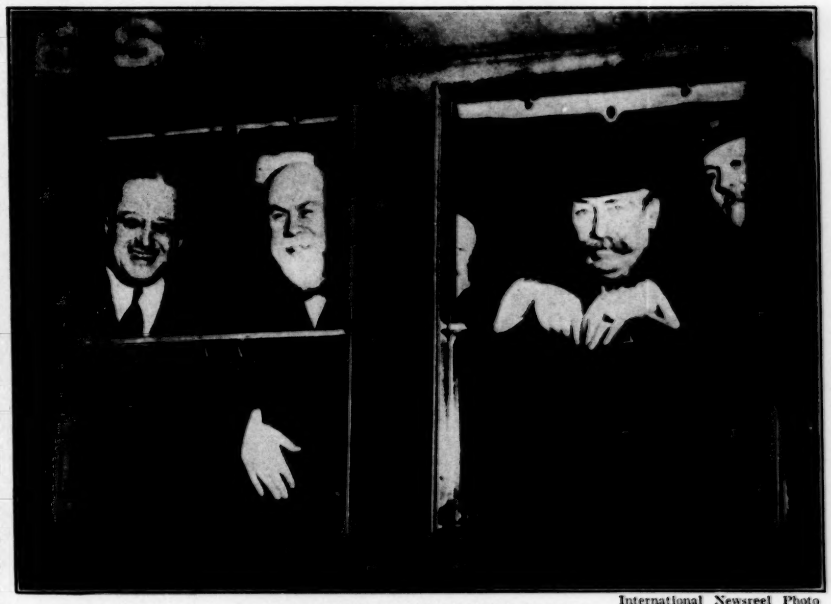
INCREASING use of overseas telephone service is indicated by reports of the American Telephone & Telegraph Company that the Christmas day business this year was 40% greater than last year. Total 1929 business exceeded 1928 by 60%; 1927 by 300%.

Some reasons why: Service was placed on a full 24-hour basis, and two short-wave channels were added. Scope was extended to include all of Austria and Czechoslovakia, Belfast and Dublin, Ireland, the Isle of Man, the cities of Milan, Turin and Genoa, Italy, and Gibraltar.

International Newsreel Photo

GUEST CONDUCTOR

E. T. Stotesbury, Philadelphia financier and music-lover, leading the Holmesburg County Hall Orchestra. He recently gave musical instruments to the orchestras of various Pennsylvania state institutions



International Newsreel Photo

THE BIG FOUR OF FRANCE

They are saying farewell to Paris, at the Gare du Nord, from the private train that carried them to the Hague conference. Left to right—Premier Andre Tardieu, Minister of Finance Cheron, Minister of Foreign Affairs Briand, and Minister of Labor Loucheur

Securities ► **Dividends As Large As Market Expected**

CORPORATIONS paid their stockholders 30% more in dividends in 1929 than in 1928, or roughly an additional $1,000,000,000. An increase in stock prices was justified by this fact, and did take place—in 1928. Market anticipation was legitimate but overdone.

The corporate dividend record for 1929 was remarkable. Every month of the year showed payments of a larger amount in dividends than for the corresponding month of 1928. The smallest percentage of increase was 12.8 in February, the largest, 48, in March. And December dividends of $532,000,000 were the largest ever paid.

Of all groups, the public utilities paid stockholders most handsomely. They distributed $810,000,000 in 1929, which was 28.3% more than in 1928. Railroad companies were next, paying out $551,000,000; oil companies third with $442,000,000.

Compared with 1928, mail order houses showed the greatest percentage increase in dividend distribution. The total jumped 116%. Motor equipment companies increased their dividend payments 62% and copper companies 60%. Two groups, motors and railroad equipment, showed smaller dividends in 1929 than in 1928.

The following table shows some of the phenomenal increases in corporate dividends, which reflect the tremendous growth in earnings. Gains and losses for 1929, as compared with 1928, are shown in dollars and percentage.

Group	*Dollar Change In Dividends*	*Percentage Change*
Banks, Insurance	+$81,295,000	+ 52.3
Chain Stores	+ 33,005,000	+ 48.3
Coppers	+101,792,000	+ 60.1
Department Stores	+ 5,570,000	+ 22.5
Food & Packing	+ 43,348,000	+ 29.4
Mail Order	+ 16,601,000	+116.0
Motors	— 35,250,000	— 13.6
Motor Equipment	+ 23,455,000	+ 62.0
Oils	+123,822,000	+ 38.8
Public Utility	+179,057,000	+ 28.3
Railroads	+ 82,379,000	+ 17.5
R. R. Equipment	— 4,715,000	— 8.6
Steels	+ 58,935,000	+ 44.6
Tobacco	+ 4,919,000	+ 5.5
Miscellaneous	+871,705,000	+ 34.2
Total	+1,021,517,000	+ 29.6

Associated Press Photo

TARIFF EXPERTS

Ruth Peterson, of New York, left, and Evelina Southworth, of New Orleans, the first women, other than members, to be admitted to the Chamber of the United States Senate. As textile advisers to the Tariff Commission they counselled the Senators on tariff matters

Oil ► Deny Probe Is Attack on Code

THE Department of Justice has started an investigation of acts of oil companies on the Pacific Coast alleged to have as their purpose the fixing of wholesale and retail prices of gasoline. The newspapers have carried replies of some oil executives intimating that the Department is attacking the code of trade ethics adopted last year under the auspices of the Federal Trade Commission.

Kenneth R. Kingsbury, president of the Standard Oil Co. of California, is quoted as saying, "It is a peculiarly unfortunate time for the Department of Justice to attack those who are endeavoring to cooperate with the government in promoting its policies of conservation, not only in the marketing but in the production of crude oil, and whose efforts are already attended with enough difficulty. Such an attack will obviously encourage those opposing those policies."

Neither the Federal Trade Commission nor the Department of Justice sees the code of ethics as in any way connected with the case. There is nothing in the code, they both say, which gives any support to price-fixing either directly or indirectly.

Labor ► Union Leaders Launch Southern Campaign

THE American Federation of Labor is bent upon conquering the South, unionizing all trades and occupations. A plan of campaign was adopted on January 6 at Charlotte, N. C., by a committee composed of the vice-presidents of the United Mine Workers, the United Textile Workers and the Barbers' International Union, and is being systematically put into effect by William Green, president of the federation, from headquarters in Birmingham. The movement was described by Mr. Green as the most extensive of its kind ever undertaken by his organization. He said, "We believe that if we are permitted to function in the South, we can develop cooperation and understanding between employers and employees. We appeal to employers to give us a chance to see if we cannot help conditions in the South." Significantly, Mr. Green has been invited to address the Legislature of South Carolina.

The federation will offer itself as a medium of arbitrating present Southern labor troubles, and as a compromise between the inflammatory doctrines of radical and communist unions and the reactionary views of some of the mill-owners. But it will find its path strewn with troubles, not the least of which will be the question of whether negroes should be segregated in separate union locals or admitted into the white organizations.

Again, Southern labor is traditionally skeptical of unionism, perhaps because all previous efforts to unionize industry have resulted in trouble. Moreover, labor conditions in the South are quite different from those of the North in more ways than wages and hours. Life is more personal. Mill villages are self-contained units, set apart from the towns. The workmen all speak the same language, and have the same background of living conditions and experience. Bosses come from the same stock as the workers.

The transition of the South from an agricultural to an industrial life has been rapid, perhaps too rapid. It has been successful only where based upon a personal relationship between mill owners and mill workers. So some ascribe present textile troubles to attempts to apply "New England" methods of handling foreign labor, rather than to the stretch-out or to wage reduction.

The federation must of necessity proceed carefully. It must advocate peaceable methods of unionization at all costs, since to resort to force would at once identify it, in the public mind, with the radical unions. The progress of unionization may also be halted by legislation improving labor conditions. North Carolina has already passed a workmen's compensation law, and similar measures are soon to be introduced in the legislatures of South Carolina and Mississippi.

GOLFING STEEL MAN

Business and sport—he is the golf champion of Middletown, Ohio—are the main interests of Charles R. Hook, newly-elected president of the American Rolling Mill Company. But he also finds time to support the Boy Scouts, to whom he has given a large reservation for camp purposes

Distribution ►

The Prison Problem Has A Business Angle

THE prison problem, now engaging the attention of federal and state authorities, is of more importance to business than is commonly recognized. There are approximately 96,125 men and women in our various federal and state prisons, not counting the county and municipal jails and town workhouses. This prison population is a potential labor force with a productive capacity of something like $150,000,000.

Prisoners kept idle degenerate rapidly, are hard to manage. Idleness is given as one of the important contributing causes of recent outbreaks. It increases recidivism and is thus costly to society not only because it wastes the productive capacity of the prisoner, but sends him out of prison inclined to do more damage.

Part of the cost of maintaining the prison population can be raised by the prisoners themselves if they can be put to productive work, so politicians interested in cutting budgets have an added argument against prison idleness.

But unless prisoners are idle they produce something, and that is where business is interested. What they produce necessarily goes on to the market somewhere and somehow and few of the usual factory costs are involved in prison production. Products sold at almost any price above the cost of raw material will show a profit on government books. Therefore, if the products are sold to private distributors whose only interest is in making profits, the prices they ask, in turn, can be far below normal market levels and still show a profit.

The effect, however, is to break market prices and to bring chaos to the trade involved. This already has happened on work shirts, overalls, brooms, shoes, hosiery, furniture, and other items of prison make.

The problem is to find some middle course which will keep the prisoner busy at some useful work, bring in some return to the state and yet will not put prison goods on a competitive market. The only successful plan yet developed in the history of prison administration is the use of prisoners on public works or for the production of articles for state or government use, especially those not sold through private individuals. In this way, the needs of proper and adequate prison administration are satisfied without injuring business by the distribution of prison products, usually sold at cut-throat prices through hidden distributors so that their true nature is concealed.

Retailing ►

Once Burnt, Twice Shy

OF 200 women questioned, 160 say they do not believe in "sale" advertising; assert that the announcement of a sale brings a negative reaction rather than a desire to buy; declare that so many fake sales have been put on that when a real one comes along it has little or no pulling power. Thus a Northwestern Better Business Bureau reported to the *Retail Public Ledger* of Philadelphia.

Local ordinances requiring that price comparisons in advertisements of sales must be between the last price at which the article was available before the sale and the sale price have helped to deflate value claims and increase public confidence in retail advertising.

International Newsreel Photo

SOCIAL DICTATOR

Warren Delano Robbins, recently Minister to Salvador, has been appointed by the White House to direct and arrange for all state and social functions. He will retain his rank. He succeeds James Clement Dunn of the State Department, who precipitated the Gann-Longworth feud. Mr. Dunn has gone to Haiti

P. & A. Photo

REWARD OF SAFETY

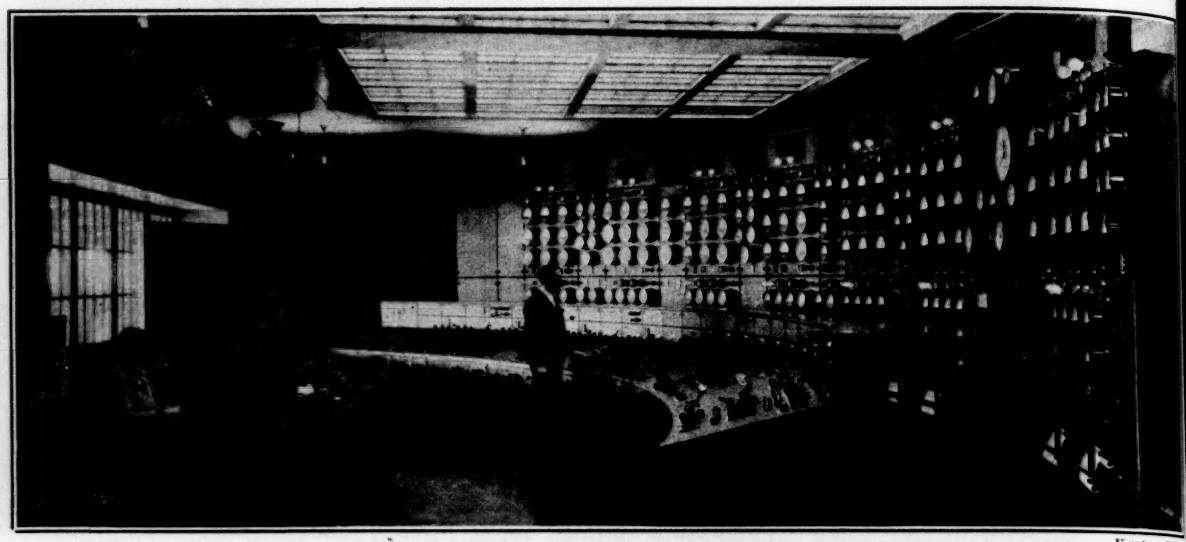
A Tanager, built by the Curtiss Aeroplane & Motor Company, having been awarded first prize in the Guggenheim safe aircraft competition, C. M. Keyes, right, representing the company, receives a check for the prize money from Captain Emory S. Land

Utilities ►

Valuation Before Consolidation

AN attempt to eliminate the lengthy and ponderous litigation frequently resulting from present methods of utility valuation is in the offing. Senator Key Pittman (Nevada) will urge legislation by Congress requiring that approval by Federal regulatory authorities of consolidations in the utility field be preceded by definite agreements as to the rate-base value of the companies involved. This, he claims, would place future rate-making on a scientific basis.

But there is some skepticism as to the simplifying effect of such legislation. The real problem, it is pointed out, is not one of getting all parties to agree to set a definite valuation but of getting them all to agree on a method of doing it. Final valuation, if ever established by federal authorities, may still have to be accomplished by around-the-table negotiations with the utility companies.



Keystone View

A POWER PLANT'S NERVE CENTER

The operating room of the Conowingo Hydro-Electric Development, Maryland, the second largest in the world but soon to be the first. It is exceeded only by Niagara. In plants of this sort special attention is given to lighting, so that glare on the instruments may be avoided. At Conowingo a skylight with a diffusing sash beneath is used

Radio ►

Ninth R. C. A. Company Is Biggest Tube Producer

CONCENTRATION of production of radio tubes formerly made by General Electric Company and Westinghouse Electric & Manufacturing Company will result from the formation of R. C. A. Radiotron Company, Inc., which will be the largest producer of radio tubes in the world. A 30% stock interest is held by General Electric, about 20% by Westinghouse, and the remainder by Radio Corporation of America. American consumption of radio tubes in 1929 is estimated at about 71,000,000; Radiotron's annual capacity will be within 7,000,000 of that number.

Headquarters have been established at the former Edison Lamp Works at Harrison, N. J., and five factories, employing about 5,500 persons, will be operated at Harrison, Newark, Cleveland (two), and Indianapolis. Warehouses in New York, Atlanta, Dallas, Chicago and San Francisco, will provide twenty-four-hour service to any dealer in the United States. The company will continue to receive the benefits of research in the laboratories of General Electric, Westinghouse, and Radio Corporation. In addition, it will have its own laboratories in Harrison.

Executive personnel of R. C. A. Radiotron Company, Inc., has been drawn from the three parent corporations. The president is T. W. Frech, former vice-president of General Electric in charge of the Incandescent Lamp Department. The vice-president in charge of sales is George C. Osborn, formerly general sales manager of the Edison Lamp Works. The vice-president in charge of manufacturing is W. T. L. Cogger, former manager of Vacuum Tube Department, General Electric. The sales manager is Meade Brunet, formerly vice-president in charge of sales for the Radiotron Department of R. C. A. Victor Corporation. J. W. McIver, formerly in charge of sales promotion and advertising for the Edison Lamp Works, will occupy the same position with the new company.

R. C. A Radiotron Company is the ninth independently operated concern to be controlled by the Radio Corporation as a holding company. A complete list of R. C. A. companies follows:

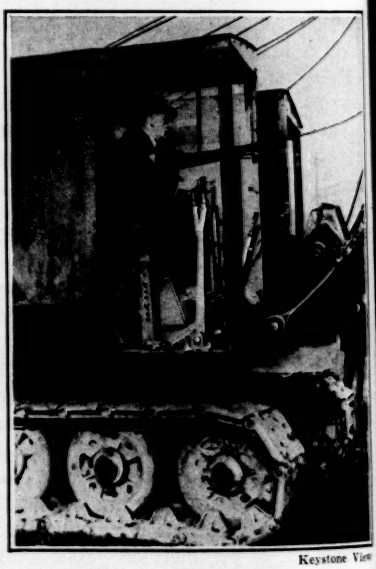
1. Communications: (a) Radio Corporation of America Communications Division; (b) Radio Marine Corporation of America.

2. Entertainment: (a) Radio-Keith-Orpheum Productions, Inc.; (b) R. C. A. Photophone Company; (c) National Broadcasting Company; (d) Radio Music Publishing Company.

3. Manufacturing: (a) R. C. A. Victor Corporation (makers of receiving sets); (b) R. C. A. Radiotron Company.

4. Education: (a) R. C. A. Institute (a school for radio operators).

The holding company also has a majority interest in General Motors Radio Company, which will probably manufacture receiving sets for motor cars, railroad coaches, and airplanes.



Keystone View

TO TALK BUSINESS

Philadelphia is building a $5,000,000 convention hall for that purpose. It was officially started with Mayor Mackey in the driver's seat of a steam shovel

Finance ► **Commercial Paper Back in Favor**

THE commercial paper market is recovering. After sinking for more than a year and a half, it staged a comeback just as its obituary notice was being written. For two months now there has been a moderate increase in volume of commercial paper outstanding. Dealers hope that it will grow to substantial proportions.

Several factors combined to depress the market for this form of financing. Development of the bankers' acceptance was one. Bank credit has a wider marketability than merchant credit, as represented by commercial paper. Business was attracted to the use of the acceptance and its popularity sent its rates below those on commercial paper.

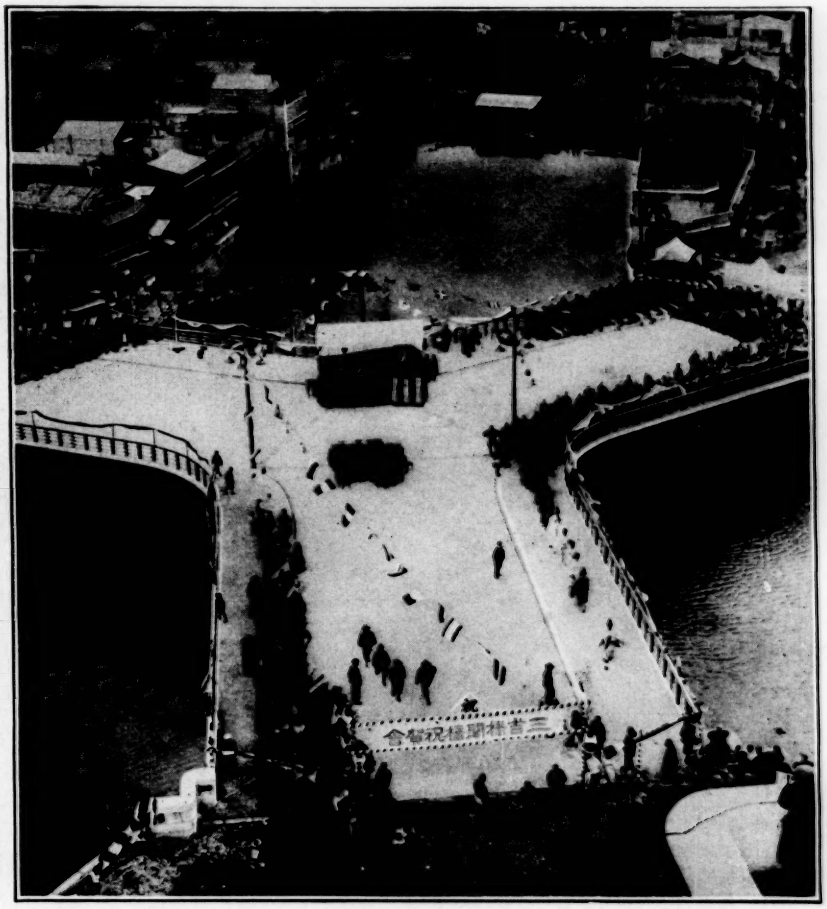
When the high rates of the 1929 call money market furnished a new lure for short-time investors, commercial paper suffered again, while the bank paper, because of its wider acceptability and because it was strongly backed by the Federal Reserve and member banks, was less affected.

Volume of commercial paper outstanding in 1920 was $1,200,000,000. At that time, the Federal Reserve used commercial paper and government securities in transacting its open market operations.

Today, the acceptance has largely displaced the former. By 1927, the total had sunk to $600,000,000. There was a slight temporary increase in the easy money period of that year but, at the time the stock market broke this year, commercial paper outstanding had hit $275,000,000.

Then the tide turned and November volume went 11% above that of October, although still 25% below that of twelve months before. Today, with the commercial paper market almost wholly in New York, the Federal Reserve system reports a good demand from investors in all parts of the country.

This particular market recovery is indicative of continuing readjustment from the financial abnormalities of 1929. Business gains one more facility for financing itself. With banks still somewhat "loaned up," with acceptances now at such record highs, with demand for short-term obligations paying a return, moderate recovery in the commercial paper market is likely to continue.



Underwood & Underwood

MIYOSHI BASHI

Tokyo's famous "Y" bridge, a three-span structure, during the recent dedication ceremonies. The bridge is in the Genza, which is widely known as the "Broadway of Japan"

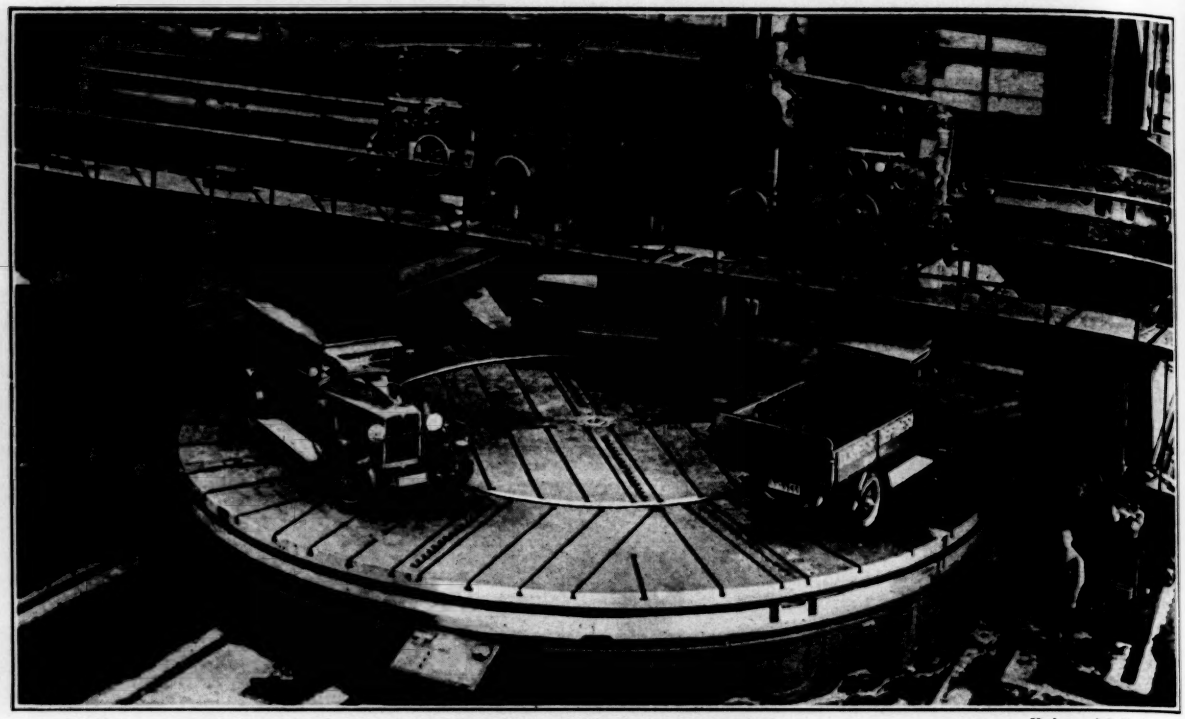
Shipping ► **Italy Enters Ocean Race With a Flying Start**

European Bureau The Business Week

THE world shipping race is back to the Atlantic. The *Bremen*, Germany's greatest postwar grayhound, was off to a flying start in September. Britain's White Star and Cunard lines answered with new keels, new speed plans. Always an important factor in the trans-Atlantic parade, France has announced new liners, faster schedules. Japan entered the competition on the Pacific with the *Asama Maru*, and an entire fleet of new luxury liners to slip down the ways at regular intervals in coming months. Four-day boats loom in the plans of United States lines, temporarily revived under Jones-White promises, at present languishing under not-quite-satisfactory mail agreements.

Now it is Italy—proud of her tourist attractions but always aware of the greater popularity of North Atlantic steamers. Simmering through the year, marine plans are beginning to boil, are bold, competitive. Speed and comfort are keynotes.

Back of the new program, secret of new stimulus, is a marine decree passed in July, 1929, and having as its principal aim the awarding of premiums for allotted speeds in vessels. For new ships with a speed of 14 but less than 15



Underwood & Underwood

ANOTHER WORLD'S GREATEST

This time it's the turntable in the German iron and steel works of Schiess Defries & Company—so large that three automobiles can use it as a gigantic movable merry-go-round

knots, the builders receive from the government a construction premium of 30%. The percentage of increased premium for each increase of a knot in speed grows rapidly, passes 100% when vessels are built for a speed of 24 knots.

Most important new contract is that between Navigazione Generale Italiana and the Ansaldo shipyard of Sestri-Ponenti for the construction of a 45,000-ton liner in the *Bremen's* 26.5-knot class and another of equal size and speed contracted for domestic construction by Lloyd Sabaudo, both to be ready in two years, and to cut present running time between New York and Naples from nine to seven days. Airplane connections at Gibraltar will make it possible for travelers to reach Genoa 5½ days out of New York.

Because the cost of construction is enormously decreased through appreciable state financial aid, Italian vessels can be built at home for Italian ship lines at rates with which foreign yards will find it difficult to compete.

Foreign capital, however, is in no way precluded from participation in Italian concerns. A large amount of British capital is invested in Lloyd Sabaudo.

Distribution ► A Business Decalogue For Distributors

HERE is the decalogue for distributors—wholesalers and retailers—proposed for 1930 by Dr. Julius Klein, Assistant Secretary of Commerce:

1. *Improve your stock records and devise some method of inventory control.* In a study of failures in one retail field over half were directly traceable to overstocking of wrong items.

2. *Use or develop better-trained personnel.* One of the important causes of the returned-goods evil is poor selling by untrained clerks.

3. *Improve collection policies.* Recent studies place the average period for which charge accounts must be carried at 70 days—obviously an unnecessary tie-up of capital.

4. *Organize delivery methods and eliminate excessive delivery costs.* Good business thought given to delivery can reduce expenses for most of the country's distributors.

5. *Curb the mania for gross sales.* The law of diminishing returns sharply reduces profits, swiftly increases expenses after sales have passed normal volume.

6. *Improve and simplify accounting methods.* Too many distributors have inadequate accounting systems and many of the rest have systems too elaborate for their needs.

7. *Improve store layouts.* A paint store increased its profits 25% merely by rearranging its store along modern lines. Other stores have similar opportunities.

8. *Control or learn more about style changes.* This applies to nearly all wholesale and retail lines.

9. *Seize the advantages of cooperation.* More profits for business, more savings for customers are obtainable by more teamwork between suppliers and distributors.

10. *Keep better records and study them.* Taking the time to watch what is happening to a business will reveal trends to guide to improvement.

Construction ► Borrowing in 1929 May Be Index to Building in 1930

EFFORTS to stimulate business are counting a lot upon increased public construction work in 1930. It is generally supposed that public building was held back in 1929 due to stringency in the money markets and inability to obtain funds. Credit easing this year is expected to overcome this obstacle and greatly increased public construction activity is looked for.

These expectations assume a large, unfilled demand on the part of local communities for such construction work. Of course, they all want more and better roads, schools, etc.; but they are not always willing to go heavily into debt and to pay stiffer taxes for them. They might spend more in 1930 for these purposes if they had held back from borrowing so much in 1929. But the indications are that they didn't. State and local government borrowing in 1929 did not decrease sharply due to high interest rates, as has been said. Three of four reliable and accepted compilations show an increase for the year over 1928, in figures collected by THE BUSINESS WEEK. The fourth shows a slight decrease over 11 months. But as December was the month of heaviest issuance during the year, the total for the 12 months may make the showing unanimous.

That public building decreased at all under these conditions is surprising. In spite of larger borrowings the available estimates indicate a decline of at least 5% below 1928. What the local governments did with the additional money they borrowed is not clear, but the decrease of public construction in face of increased borrowing may mean that the most pressing needs of many communities have been met.

Reports to the Hoover prosperity committees by states and other divisions indicate that construction will be large this year, but the aggregate *increase* over last year is not large.

If state and local governments borrowed more in 1929, a period of high money rates, than in 1928, they ought to borrow more in 1930. Rates now are easier and the bond market has been somewhat stimulated. Heavier borrowing is to be expected from this source, and bond houses report projects under consideration. But if the increased amount of borrowings has no more effect on public construction than it did in 1929, the effects on business are doubtful.

Bonds offered directly for improvement purposes were larger in volume in December than for any similar month since 1921, according to studies by the Department of Commerce. Indication is that such offerings have been delayed from the period of high money rates, and were put out in December, the first real month of easing. The department also states that public financing for the purpose of improvement alone—sewer and drainage systems, street paving, etc.—was not so high in 1929 as in the preceding year. It expects a considerable volume of such financing early this year.

Municipal elections, largely concentrated in March, will be an important factor. A number of projects are to be decided at the polls. But if tax rates are already high and business poor, the decision may not always be favorable.

Herbert Photo

STAND OF THE SOVIET

Russian automobile production in 1928 was 800 units, in 1929, 1900 units; in 1930, it will reach 15,000. The government Oil Trust anticipates a motoring population—is installing filling stations in metropolitan centers

Finance ► Hague Conference Passes Crises

THE Hague conference moved far toward final settlement of the reparations question and establishment of the world bank this week. Two definite crises were passed. France and Germany agreed upon the sanctions issue. They will let the World Court decide any dispute as to whether Germany is satisfactorily carrying out the Young Plan.

Dr. Schacht protesting against unfair treatment of Germany, threatened the whole World Bank plan by decreeing that the Reichsbank would not enter. He retracted under pressure.

The Germans agreed to give the United States no priority in payment of reparations, despite the separate treaty. They also agreed to pay up delinquencies from any one moratorium before calling another.

Hopes for a bond issue, commercializing a part of Germany's unpostponable annuities, are held by the experts. An issue of $200,000,000 this spring, one-fourth to be sold here, is mentioned tentatively.

Stands by the Six

ON page 17 of THE BUSINESS WEEK of January 8 Willys-Knight is listed among the cars which have replaced six-cylinder engines with eights. This is an error. Willys-Knight remains loyal to the six-cylinder power plant.

Automotive ► Our Sales to Europe Face Triple Threat

RECENT developments in the European automobile situation: (1) Automotive interests of Germany, France, Italy, Austria, Belgium and Czechoslovakia announce agreement on a plan to limit importations of American cars by establishing quotas for each country; (2) a bill has been presented to the French Parliament which substitutes specific for ad valorem duties on automobile parts and, by its wording, raises duties on these items from 100% to 300%; (3) a second bill to be presented this week is said to increase duties on complete cars from 45% to 90%, which, with luxury taxes, amount to 114% ad valorem.

None of these items has yet passed the talking stage. The cartel plan has been approved by the industry but has not been considered by governments. Dr. R. Allmers, president of the Association of German Automobile Industry, believes that government action can be obtained in all six countries. Should it be approved, imports of American cars will be definitely limited by an enormous jump in duties on shipments above quota. Other countries, even those joining in the movement, will be likewise restricted in their exports.

The parts tariff proposal of France may meet home opposition. Many of the French automobile manufacturers—including Citroen who produces 40% of the French total—depend upon American makers for important parts.

Citroen has had no share in the tariff proposals or the cartel. Having adopted American production methods and, to a large extent, American machinery, he finds little difficulty in meeting competition under present conditions. Renault seems to be the moving spirit behind the demand for a higher tariff. Which group of interests will swing Parliament is still uncertain. But it seems likely that the tariff on completed cars, generally approved, will go through.

If both bills should pass, the only way American concerns could enter the market would be through completely foreign companies and Ford has been reported as about to open a plant at Cologne where a smaller edition of the Model A would be built. A parts tariff which would close American assembly plants in France, would throw out of employment thousands of French workers and eliminate a large market for French materials.

Accounting ► Depends on How You Figure It

THE extent to which choice of accounting methods may affect the showing of a business is sharply emphasized by the striking revision which the new management of the United Cigar Stores Company has made in the reports of its predecessor.

Frederick K. Morrow's new auditor submits that the company made in 1928 a net profit of $4,500,000, instead of $8,352,762, as had been announced by the former management. And his method of accounting finds that, on June 30, 1929, there was a deficit of $776,286, although the report of December 31, 1928, had shown a surplus of nearly $[illegible]000.

part that accounting played in this reversal of form is indicated by a special explanatory report which states that the 1928 profit originally announced included a mark-up of more than $3,000,000 in the value of stock holdings; that losses of close to $500,000 incurred by the Whelan Drug Company, a subsidiary, had been deferred. Incidentally, Morrow sales of stock holdings in associated companies, at a profit over original cost, would have shown a considerable loss if the book values of the former management had been followed.

The New York Stock Exchange has declined to investigate further observing that, in any event, use of its sole disciplinary power—removal of the securities from the board—would merely hurt the new owners. The investigation by the New York State Bureau of Securities, now proceeding, may do something further to focus investors' attention on the rôle of the accountant as an interpreter of corporation status and to determine how great a difference between two methods of accounting is reasonable.

P. & A. Photo

CLEVER, THESE CHINESE

They must be to work in this Chinese drug store—the oldest in San Francisco—where clerks must memorize some 3,000 herbs and their combinations—all kept in unlabelled boxes. The Oy W'o Tong family has operated the business for more than fifty years

What the Figures Show

THE latest week's business records show a surprising upturn in some indicators of industrial activity and general trade during the first week of 1930. In most cases such upturn is usual at this period, but in some respects it is quite marked this year. It is still too early, however, to say whether the current rise in activity is the beginning of a permanent upswing in business.

The situation in the steel industry is somewhat confusing. Steel mill operations as a whole showed a rather marked increase for the latest week—from 60% to 66% of capacity. This is in contrast to the downturn which took place last year at this time. The Steel Corporation is running at about 67% of capacity as against 61% the week before. Independents are up from 58% to 64%, due to sharp gains by some larger units like Bethlehem Steel, which is running 72%. Automobile steel demand is picking up, but rather slowly. Orders from the industry are estimated at only 20% to 30% of those placed at the high point of 1929. There is, too, some anxiety about the increased weakness of prices.

GENERAL building contract awards showed a marked rise in the daily average for the latest week as compared with the preceding week, and for the first time in a long while were above last year's level. Heavy construction awards, according to *Engineering News-Record* figures for the week ending January 16, showed an increase, although they were considerably below the figures of a year ago. The total heavy construction awards for 1930 to date are running about 50% below the corresponding period for 1929.

Both bituminous coal and petroleum production rates are higher for this week than in the preceding week and above the rates of last year at this time.

ANOTHER favorable sign is the general steadiness of prices. Fisher's all-commodity index increased slightly for the latest week and the National Fertilizer Association index remained unchanged. Wheat prices continue to show weakness in spite of the support coming from Farm Board operations in the market. The cotton average for the week was steady and prices show considerable resistance to further decline in spite of the slackness in domestic and export

FIGURES OF THE WEEK

	Latest Week	Preceding Week	Year Ago
PRODUCTION			
Steel Mill Operation (% capacity)	66	60	83
Building Contracts (F. W. Dodge, daily average in thousands)	$15,590	$ 9,806	$10,340
Bituminous Coal (daily average, 1,000 tons)*	1,878	‡ 1,547	1,830
Petroleum (daily average, 1,000 bbls.)	2,689	2,652	2,594
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	155	128	160
Check Payments (outside N. Y. City, millions)	$ 7,417	‡$6,087	$ 7,051
Wheat Receipts (1,000 bushels)	4,026	3,918	4,489
Cotton Receipts (1,000 bales)	296	257	321
Cattle Receipts (1,000 head)	*176	‡129	173
Hog Receipts (1,000 head)	*666	‡525	778
Wool Receipts (1,000 lbs.)	5,458	2,252	5,802
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.21	$ 1.25	$ 1.08
Cotton (middling, New York, lb.)	$ .173	$ .173	$ .202
Iron and Steel (Composite, ton)	$35.60	$35.72	$36.23
Copper (electrolytic, lb.)	$ .178	$ .178	$ .165
All Commodities (Fisher's Index, 1926-100)	93.1	93.0	97.1
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$17,060	$17,649	$16,329
Commercial Loans, Federal Reserve member banks (millions)	$ 9,173	$ 9,344	$ 8,889
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 3,365	$ 3,352	$ 5,395
Federal Reserve System Ratio	75.4	72.9	67.0
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	11,497	13,159	22,686
Stock Prices (N. Y. Times, average 50 stocks)	$206.19	$205.16	$231.80
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$48,963	$36,516	$52,036
Bond Prices (Dow, Jones, average 40 bonds)	$ 94.21	$ 93.87	$ 96.22
Interest Rates—Call Loans (daily average)	4.6%	6%	6.6%
Interest Rates—Time Loans (daily average)	2¾%	4¾-5%	7¾%
Business Failures (Dun, number)	732	501	635

* Preliminary
‡ Revised

demand. Further weakening in iron and steel prices brought the *Iron Age* composite to the lowest level since October, 1928. Copper remained steady in face of December statistics showing increased stocks, but there is little sign so far of any marked revival of buying.

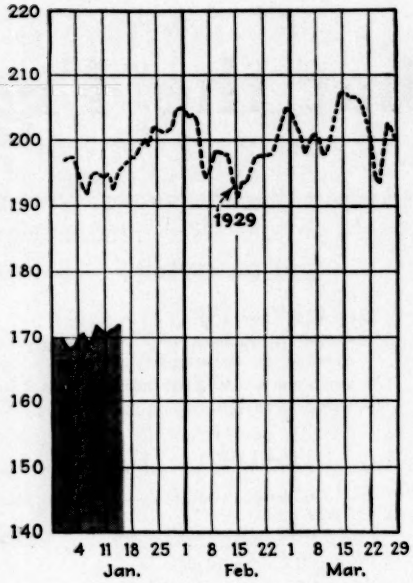
THE general trade indicators for the week show considerable improvement. All classes of carloadings together rose for the week, as is usual at this time, but are still below last year's level, although above that of the corresponding week for 1928. The carloadings record for the week is due in large part to increase in miscellaneous and less than carload merchandize loadings, which were about midway between the 1928 and 1929 figures for the corresponding week—a fairly encouraging showing. The movement of farm products to market during the latest week was generally above that during the preceding week, though below last year's levels.

THE outstanding feature of general trade indications for the latest week is the remarkable rise in check payments for the week ended January 8. This was not only in contrast to the usual movement during the first week of the year but was unusually large in amount. Taking all of the 141 cities reporting, including New York, the increase was 17.2% for the week, but because of the general stagnation in the New York and other stock markets the total of bank debits was about 17% below a year ago. For the 131 cities outside the speculative centers, however, there was a rise of 27% for the week, bringing the total of bank debits nearly 7% above the level of a year ago. This increase may be the result of unusual pressure for settlement of accounts, but it probably indicates to some degree an increase in general business activity.

The number of business failures increased markedly for the week and was considerably above last year's level.

Money and the Market

THE stock market was slightly more active this week. Prices crawled up to the highest levels since the secondary break in early December, then promptly lost all the ground gained in the week. However, the averages remain higher than in more than a month.



THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)

While volume of trading picked up slightly in the week, the market must still be termed "listless." The outlook for the near future contains nothing as yet to indicate when the market will come out of the doldrums.

Bond dealers had a record week. Offerings of more than $300,000,000 made the highest total for any week since the World War. The huge A. T. & T. issue of $150,000,000 was largely responsible. The heavy offerings were very well received and dealers are encouraged. Bond prices wobbled a bit in the period and still fail to show any signs of marked recovery.

Credit liquidation continued on a large scale this week. The member banks reduced their discounts at the Federal Reserve by $129,000,000 bringing the total to $442,336,000. This is the lowest figure reached since early 1928, or in approximately two years. Volume of Reserve credit outstanding was also down to a low at $1,259,623,000. The reduction was purely a matter of liquidation and not brought on by Reserve open market operations. Both bill and government security holdings were at about the same level as a week ago. The

Reserve ratio, as a result of this and the return flow of currency, jumped to 75.4%.

Liquidation of member bank credit also took place, total of such credit being reduced by $531,000,000. Most of this—$418,000,000—was in security loans. Commercial or all other loans were off $171,000,000 while investments of the banks were up $58,000,000.

Gold movements in the week were negligible, as foreign exchanges were near their pars. There was a decrease of $3,000,000 in earmarked metal. The New York Reserve Bank followed the same trend as the other banks of the system in undergoing a liquidation as the gold movement ceased.

Powerful force for easier money is provided in these developments. The trend is entirely seasonal, although it is taking place on a somewhat broader scale than a year ago. Money rates, nevertheless, showed slight change. Call money got down to 4% again, and middle of the month operations did not make themselves manifest in the money market. Acceptance rates are a little higher, reflecting large supply of bills in the market. The effect thus far is to make funds more plentiful, rather than to renew marked easing of rates.

Expected bank rate changes again did not materialize this week. Both the New York Federal Reserve Bank and the Bank of England maintained their previously existing discount rates of 4½% and 5%, respectively. The financial world continues to expect such action in the near future, and further improvement in the position of both institutions this week supports this belief. The Philadelphia Reserve Bank fell into line here by cutting its rate to the 4½% level.

The German Reichsbank reduced its rate to 6½% from 7%, and the Bank of The Netherlands came down to 4% from 4½%.

The Bank of England this week saw its gold reserves rise past the £150,000,000 Cunliffe figure which England regards as the normal necessary total.

Brokers' loans increased $13,000,000 as out-of-town banks returned funds to New York following the year-end settlements.

December Trade Records Erratic

ORDINARY retail trade, as reflected in the business of chain stores and mail order houses, was fairly good during December, but the better class type of retail trade, represented by department stores, together with wholesale trade, and industrial activity were somewhat severely hit.

Chain store and mail order business in December, from reports of 48 organizations now in, shows a gain of 16.14% over last December. This is, however, less than the rate of gain for the whole year, which was 24.22%.

Department store sales, by final Federal Reserve Board reports, were 2% below December, 1928. Decreased sales were reported by 365 stores and increased sales by 113. The month had the same number of business days this year and last, but there were only four Saturdays among them this year against five last. The New York and Richmond Federal Reserve districts reported increases of about 2%, the San Francisco district little change and the remaining Reserve districts decreases ranging from 1.3% in Cleveland to 8.2% in Indianapolis.

Postal receipts in fifty selected cities throughout the country for December, 1929 were 2% above those for December, 1928. For fifty *industrial* cities the increase was 5.4%.

Despite this favorable showing of postal business and general retail trade during December, the value of checks drawn and cashed on member banks of the Federal Reserve system in 131 cities outside the main speculative centers during December declined below that for November for the first time in any year since the records began in 1919.

Industrial Activity Down Sharply

FINAL *Electrical World* figures for industrial consumption of electricity in December show manufacturing operations 5.3% below November and 8.6% under December, 1928. All industrial groups except stone, clay and glass products, paper and pulp, chemicals, and shipbuilding were operating below the December, 1928 level.

December employment records are not yet available for the whole country, but New York state records of factory employment show a marked decline. The number engaged in New York state factories fell almost 4% during December, more than in any corresponding period since 1920 and more than in any single month since the late spring of 1924.

The production of cars and trucks in the United States and Canada for December was 157,862, according to preliminary estimates of the National Automobile Chamber of Commerce. This compares with 226,887 in November and is the lowest December production since 1927. This final month brings the total year's production to 5,651,000 as compared with 4,601,141 in 1928.

Pig iron production in December declined sharply. The daily rate, 91,513 tons, was the lowest since December 1927. Twenty blast furnaces were put out and none went in, making a net loss of forty-six in the last two months of 1929, the largest decline for any similar period in recent years.

Steel ingot production in December amounted to 2,896,269 tons, or an average daily output of 115,851 tons. This is the lowest figure for the month in any year since 1923.

Forward Steel Business Up

THE increase of 291,848 tons in unfilled orders on the books of the U. S. Steel Corporation during December is encouraging news just at this time. An increase during December is usual. It has happened every year since 1922. Even in 1921 there was a slight increase.

The increase in 1928 was slightly over 300,000 tons and at the end of 1927, when business was falling, it was over 500,000 tons. But the increase now is reassuring because it might have been smaller or it might have been none at all. It brings total orders on hand at the end of the year to 4,417,193 tons, more than any month in 1929 since April.

Cotton Under Control

THERE are signs of better control of production in the cotton textile figures for December. As in the case of unfilled steel orders, the statistics are encouraging because they might have been worse. There was some over-production but less than in a few preceding months. Output of standard cotton cloths was at the rate of almost 61,000,000 yards per week during December, less than any month since July and at about the average weekly rate of production for the year. Sales during December were 24.3% more than the production; shipments about 22% less than production. Stocks increased almost 7% during the month but unfilled orders rose nearly 26%. Stocks were higher than for any month during the past two years.

Steady Freight Movement Is Forecast

THE Shippers Regional Advisory Boards anticipate that carload shipments of 29 principal commodities in the first quarter of 1930 will be 0.6% below the corresponding period of 1929. The boards in five regions—Atlantic States, Allegheny, Ohio Valley, Central Western and South Western—forecast an increase over the preceding year, while the New England, Great Lakes, Midwestern, North Western, Trans-Missouri-Kansas, South Eastern, Pacific Coast and Pacific Northwest regional boards expect a reduction. The anticipated changes are small, except in the case of the Pacific Northwest and the Great Lakes regions where decreases of 5.5% and 8.1% respectively are expected.

It is estimated that of the 29 commodities covered in these reports increases in freight movement will develop for flour, meal and other mill products; cotton seed; citrus fruits; potatoes; poultry and dairy products; coal and coke; salt; petroleum and petroleum products; sugar, syrup and molasses; cement, brick and clay products; agricultural implements; fertilizers; paper, paper board and prepared roofing; and canned goods.

Commodities for which a decrease is forecast are: grain; hay; cotton; fresh fruits, except citrus fruits; fresh vegetables, except potatoes; live-stock; ore; gravel, sand and stone; lumber and forest products; iron and steel; automobiles, trucks and parts; and chemicals. Freight car requirements for machinery and boilers are expected to be practically the same.

These forecasts, for all commodities and all districts together, have been fairly accurate in the past, as tested by the actual carloadings. The forecast for the first quarter of 1929 was over-estimated by 3.4%; for the second quarter underestimated only 0.04%, or about 4,000 carloads out of nearly 9,000,000.

A Plan That Does Promote Economic Balance

The New England Council's record of accomplishment indicates what the regional council plan can do for other natural economic areas

THE organization in each natural economic division of the United States of a regional council similar to the New England Council, with such modifications as special conditions indicate, has been suggested by THE BUSINESS WEEK as a logical, practical and, by proof, thoroughly effective move to promote economic progress and maintain economic balance. Such bodies, it has pointed out, would form a bridge between national and local associations, would serve the special needs of each economic area, would provide machinery for carrying out in each sound economic programs designed by national leaders for the country as a whole.

Early medical science sought to remedy almost every human ill by blood-letting and the richer were its patients the more frequent was the blood-letting. Not of necessity, but rather by choice, much of the business of this country is today conducted as if it were still in the blood-letting stage. Firmly entrenched in the inherent prosperity of a nation with great natural resources, business is wont to grow greedy, gluttonous, grasping. It insists upon having rich foods and pastries until it falls ill from sheer over-indulgence. Then comes the blood-letting, such as we have recently witnessed.

Is it not about time that business made up its mind to go definitely on a diet, not to thin it down but to promote sound, healthy, balanced growth? What is stabilization of business and economic balance, after all, but the cumulative result of a rather strictly adhered to business diet? And, in the last few decades, business has been submitted to so many examinations, analyses and dissections, that it is a rather simple matter to find a suitable diet that can be prescribed with a fair assurance of its success.

IT is this basic truth that was recognized by those who brought into existence the New England Council whose work proves the efficacy of the regional council plan to "promote economic progress and maintain economic balance."

What has the New England Council accomplished that it should be put forward as a model, and the remainder of the country urged to emulate it? What has it done for New England? How has it solved regional problems and promoted regional welfare?

Perhaps the answers may best be found in the brief enumeration, under the main subdivisions of Agriculture, Industry, Power, Electric Service for the Farmer, Community Development, Flood Relief, and Recreational Opportunities, of some of the important achievements of the Council during the five years of its existence:

AGRICULTURE

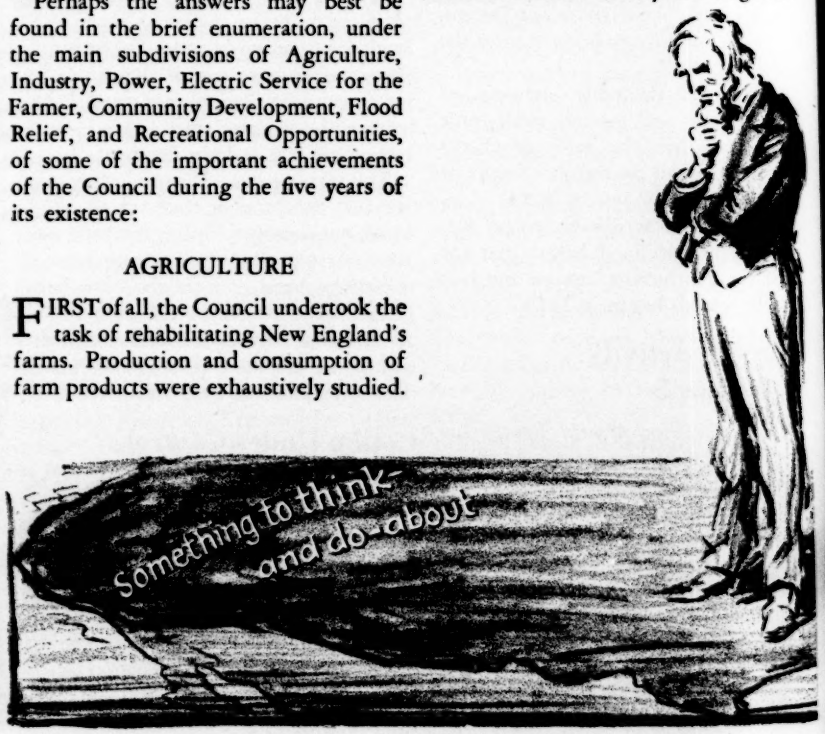
FIRST of all, the Council undertook the task of rehabilitating New England's farms. Production and consumption of farm products were exhaustively studied. Departments of Agriculture in the six New England states cooperated in preparing a definite Farm Marketing Program for the farmer.

In each of these six states the Legislatures passed uniform laws covering the grading and labelling of farm products. New Englanders were urged to buy farm products with New England labels.

Result—today New England supplies a greater proportion of its total consumption of farm products than in several generations.

INDUSTRY

SOON after its formation the Council attacked the problem of checking any possible decadence in industry, to make certain that the region would maintain its position of importance. Believing that a manufacturer was only as strong as his



research facilities, the Council assigned important men to the task of making New England "research conscious."

Under the impetus of the Research Committee, a stock-taking survey of the whole region was inaugurated. Available natural resources were inventoried. Industrial establishments were classified. Local markets for regional products were determined, and retail and wholesale trading areas were charted. A special study, to determine the steps taken by banks in broadening their services to industrial customers, was financed by 324 commercial banks throughout New England.

Eventually the Research Committee had at its command invaluable data on the various units which combined to form New England's business and economic structure.

In innumerable instances the committee's reports inspired definite action which brought important and beneficial results. For example:

Manufacturers of knitted underwear and hosiery surveyed their industry under the guidance of the Research Committee, and learned that the region was supplying not more than 20% of all the women's full-fashioned hosiery worn in New England. Many New England mills were idle, and nowhere in the region, constituting a large part of the national market, was women's underwear manufactured. Now, as a result of the regional survey, all mills are supporting a comprehensive plan to solve their common problems.

Similarly, the New England shoe industry was surveyed, the result of which was a program of appropriate remedies. Results so far have been little short of extraordinary.

One shoe manufacturer, for example, reports a 31% reduction in production costs, a decrease in direct overhead of 28%, and an increase in production of 70%. The final cost of the shoes to his customers was reduced 27%. Another manufacturer reported a 61% increase in production, with a 25% reduction in unit cost, and an increase of 21% in company earnings.

After steadily declining in importance from 1904 to 1924, the New England shoe industry has, since 1924, definitely turned the corner and is steadily progressing toward general prosperity.

At the suggestion of the Council, the New England cotton dress goods industry undertook a similar survey, which when completed brought about results which were much like those obtained by the shoe manufacturers.

A Lesson in Cooperation

POWER

THE Council began its work in this field by engaging competent engineers to prepare a complete map showing all existing and projected power transmission lines in the six New England states.

Recognizing the interstate transmission of power as an accomplished fact, and with the encouragement of the Council, the power companies established definite standards of practice to which the various utility companies subscribed. Then the Council's Power Committee induced the power companies to accept joint jurisdiction of State Public Utilities Commissions in all controversies over rates on power transmitted across state lines.

The Council created a special committee to promote the extension of power lines into rural territory and to

A Plan That Does Promote Economic Balance

determine a basis for arriving at a fair and equitable charge for current. The Committee carefully studied the situation, and recommended basic principles of procedure and a formula for arriving at a proper rate. The recommendations have already been adopted and successfully used by some of the larger power companies. Among them is the Central Maine Power Company, which in the last three years has built approximately 450 miles of new lines, serving about 3,000 rural customers. Similar results, due largely to the activities of the Council, have been obtained in other New England states.

Briefly, the value of the various power committees of the New England Council is shown by the fact that New England, with 6.9% of the country's population, has 8.6% of the generating capacity and total number of customers.

COMMUNITY DEVELOPMENT

IN working for the general welfare of the region, the Council decided on definite procedure only after definite knowledge had been obtained by the general survey in which 5,000 leaders in all the important communities took part. Results were classified and analyzed, and remedies suggested for specific conditions.

Today, more than fifty industrial development committees are actively cooperating with local chambers of commerce for the upbuilding of industry in their respective communities. In fifteen cities, special industrial bureaus have been established. Several cities have raised industrial development funds ranging from $300,000 downward. Nineteen cities with more or less common interests spent $52,000 advertising their advantages. In addition, $150,000 was spent to advertise the regional area. Special personnel was assigned by 104 power companies to the work of community upbuilding.

Within one year of this campaign, 431 new industries were established in 197 communities, employing 11,000 persons. Forty of these were branch factories.

FLOOD RELIEF

THROUGH the efforts of the Council, two corporations were created during the great floods of 1927, which made available for flood relief a total of $1,000,000.

RECREATIONAL OPPORTUNITIES

THE Council has coordinated the activities designed to promote the use of New England's recreational facilities and advantages.

In the six states legislative appropriations for advertising have been increased from $10,000 to $100,000 annually.

Information bureaus have been established at important points.

It has been estimated by the Department of Commerce that visitors and tourists spend more than $400,000,000 annually in the New England area. Thanks to the work of the Council, the sum is increasing.

THERE can be scarcely any question that the New England Regional Council has justified its existence, and that it will play a progressively greater part in the development of the area. It was, nevertheless, brought into being only after considerable travail. None of the railroad presidents, industrialists or merchants who shared in its organization wanted another trade association. They knew that, from all outside appearances, business was already over-organized. But they did want a mechanism that would treat an economic area as a unit, and enable them to apply to its entire strata of business and industry measures which had been proved practical, and which invariably make for greater economic balance and proportionately greater prosperity.

In the Council they found it, just as the railroads had found it even earlier in the "Shippers' Regional Advisory Boards," which were created in 1923 and have been meeting ever since to facilitate, speed up, simplify the handling of the country's products. A report of these organizations' activities says that "the secret of their remarkable record is cooperation, and the results are suggestive of what other forms of business might obtain by following the same formula."

OBVIOUSLY, if that economic balance which Mr. Hoover considers so vitally necessary to the orderly continuance of our prosperity is to be established, business must organize its economic areas.

For such organization New England has provided a model, has demonstrated its efficacy in terms of accomplishment, has shown that its influence for progress may be carried through town and country into the tiniest hamlet, the smallest workshop, the most isolated crossroads store.

It is now up to the leaders of business and industry in other areas to take the plan New England has provided and create living, functioning, vitalizing organizations of a similar type and similar value in their own separate economic regions.

Measuring "Air-mindedness"

WARNINGS to aircraft manufacturers that they are over-producing lose some of their sting with the report of Major Clarence P. Young, Assistant Secretary of Commerce for Aeronautics, covering the last fiscal year.

Trade areas with a population of 90,000,000 are now served by 32 air lines carrying express, 47 carrying mail, 61 carrying passengers. Of 29,227 miles of established airways, 10,183 are lighted for night flying, and another 2,065 miles soon will be.

Scheduled operations—not more than 15% of all civil flying—increased from 27,817 miles a day in 1927-28 to 69,029 miles a day in the last fiscal year. Mileage flown by miscellaneous operators increased from 30,000,000 to 60,000,000.

Vital statistics from the Air Regulations Division reveal that licenses and renewals jumped from 14,038 to 42,338. New pilots' licenses increased 95%; renewals, 480%; student permits 491%. Licenses were taken away from 76 air law violators; 176 more paid $4,525; total was 403.

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INVESTMENT SECURITIES

The Coal Industry in 1930 . . .

Bituminous, learned in adversity, little affected by market crash • 1929 was best year in three • 1930 is expected to do at least as well • Producers have not curtailed earlier plans for plant improvement • Distribution is the weak spot • All quiet on the labor front • The anthracite market was undisturbed by Wall Street weather • But competition of other fuels has made serious inroads • The industry is now fighting back

IN THE PAST, no major industry has been more sensitive to fluctuations in general business activity than bituminous coal. But, when the burnt children of Wall Street started their recent grand rush for the mourners' bench, the bituminous coal industry was singularly unmoved.

This indifference arose from the conviction that soft coal already has gone so far in a postgraduate course in adversity that a stock-market panic, unless accompanied by an immediate and widespread industrial breakdown, could have little effect on it. So far, except in isolated spots, the coal industry has experienced no dangerous repercussions.

Leaders in the soft-coal industry face 1930 with confidence and even with cheer—if not with cheers. They do this not at all unmindful of the fact that any industrial letdown must strike them severely because nearly 80% of their output enters the industrial stream directly as fuel for manufacturing plants, coke ovens, public utilities and the railroads. In fields which react most sharply to trends in the steel and automotive industries there has been a small falling off in coal business. For the country as a whole, however, the picture is happier.

Bituminous production in 1929 approximated 525,000,000 net tons—the largest output since 1926. With favorable industrial conditions, a volume at least equal to that of the past year may be expected in 1930. Shippers' Regional Advisory Boards reporting to the American Railway Association estimate an increase of 2.8% in carloadings of all coal and coke for the first quarter of 1930 over the corresponding period last year.

Growth has been retarded in the past decade more by increased efficiency in combustion than by the inroads of competitive fuels. Between 1919 and 1926 steam electric power plants cut the quantity of coal used per kilowatt hour from 3.2 to 1.84 pounds. Between 1919 and 1929, steam railroads brought down average consumption per 1,000 gross ton-miles of freight service from 170 to 125 pounds. There has been a 14.6% reduction in the quantity of coking coal per ton of pig iron.

With developed capacity still far in excess of normal consumptive demands there is, of course, no urge for general expansion. The best hopes of the industry lie in further reduction of excess mine capacity. But there is a steady need for continuous modernization. The outstanding developments in this direction are the increase in the tonnage loaded underground by mechanical means and the construction of improved types of mechanical cleaning plants above ground.

IT is too early to make any definite forecast of the extent of these improvements for 1930 because many operators will wait until the end of the coal year—March 31—before formulating plans for capital expenditures. A recent questionnaire of the National Coal Association addressed to some 1,200 operating companies developed the fact that approximately 170 already had made plans for capital expenditures in 1930 aggregating $44,000,000. A group of retail distributors—representing less than 10% of those engaged in that branch—reported to the National Retail Coal Merchants' Association that they were contemplating spending more than $10,000,000 for capital improvements this year.

An inquiry made among leading operators in several states by *Coal Age* following the stock drop revealed that, in no case, where a definite budget for 1930-31 had been fixed had there been any scaling down subsequent to October 1, 1929. And, with few exceptions, companies which had not formulated concrete plans declared that the Wall Street collapse would not influence their 1930 programs.

DISTRIBUTION is the glaringly weak spot in the bituminous coal set-up. Much of the softness here encountered is a heritage from the conditions which fostered overdevelopment of the physical plant. Intensive study of distribution problems is hampered by the lack of adequate data on the movement of the product. The most recent national study is more than 10 years old. One significant development in distribution has been the extension of common producing interests into more than one mining field.

From the standpoint of the employer, the labor situation in the bituminous coal industry is now upon a more satisfactory basis than at any previous time in the past decade. At the close of the World War approximately 72% of the soft coal produced was mined by members of the union working under union wage agreements; today 15% is probably a liberal estimate. Moreover, in the few districts which still cling to the union, wages have been lowered and working conditions are more favorable to the employer.

This situation, however, is not without its elements of danger. The com-

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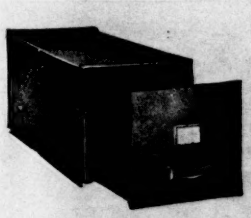

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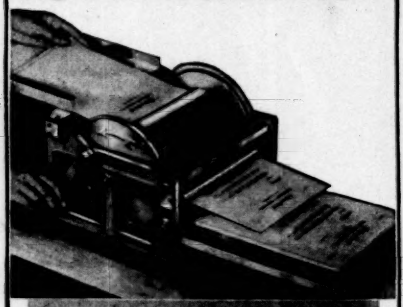

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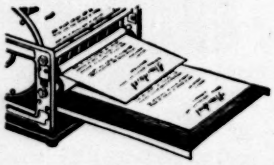

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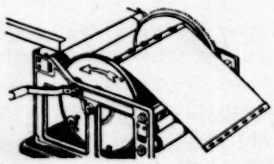

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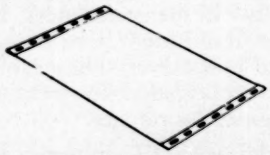

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The Coal Industry in 1930

petitive struggle for business has made wage reductions too attractive to some employers and created a situation where non-union workers are less inclined to turn a deaf ear to the promises of union organizers.

It is along the lines of finding new uses for coal—not so much as a fuel, but as a raw material for further processing—and in the development of a national conception of the industry which will submerge petty district jealousies that the greatest opportunities for the future are to be found. Realization of the profits inherent in the first suggestion, however, is conditioned upon, at least, a financial integration of the producer and the processor of the coal. And speaking broadly, practically nothing is being done in this way.

MEASURED in concrete achievement and in new thinking, the anthracite division of the coal industry has come ahead much faster in the past few years than has the bituminous division.

Although at one time anthracite held an important place as an industrial fuel, today approximately 80% of the production finds employment in heating homes, apartments and office buildings. Hundreds of thousands of people in the New England and Middle Atlantic states literally know no other fuel. Weather, price, convenience—not Wall Street panics—are the factors which determine the volume of sales.

But the richness of its markets close to home has excited competition. Fuel oil stepped in while the overlords of anthracite still dreamed of an impregnable monopolistic position. Bituminous shippers made forays upon anthracite tonnage. Gas has not been silent. By-product coke has made a real dent.

THE anthracite producers have gone whole-heartedly about the task of recapturing their markets. Standards of sizing and preparation, officially promulgated early in 1925, have been revised and really made effective. A combustion training school has been developed that has qualified hundreds of retail coal merchants to service their customers. Trademarking of coal—including in one case, coloring—has been adopted and group advertising campaigns launched. Individual advertising, sales and engineering service have been expanded and intensified. Closer contacts have been established both with the public and with the retail distributors. A research laboratory has been set up to study the uses of anthracite and possibilities of future employment. One of its major activities is the investigation of heating equipment with a view to encouraging the development and sale of systems which will be a match in convenience for the oil and the gas furnace. For many months it looked as if the revival had started too late. In 1926, after the strike, output rose to 75,391,000 tons, but it slid off to 71,514,000 tons in 1927 and to 67,275,000 tons in 1928. Last year, however, production closely approximated that of the preceding year—indicating the first definite check in the long decline.

THE industry, however, still faces complaint that the price the consumer pays for its product is too high. The producer retorts that he is inclined to agree but that he can do little about it. His wage rates are fixed by a contract which expires August 31, 1930. The industry cannot afford another strike—many believe that it dare not risk one. Transportation charges also are assailed—but the basis under attack was approved some years ago by the Interstate Commerce Commission after an exhaustive investigation.

The greatest opportunity ahead of the anthracite industry is in the further development of automatic heating from coal. This means further employment of the smaller sizes which now sell at less than the cost of production. It means, too, the further curtailment of the market for the larger sizes which now carry the burden of losses on the buckwheat sizes. Eventually and inevitably, that will call for some readjustment in price structure.

Business Rescues The Small Borrower

Responsible agencies are now freeing him from the grip of the loan shark

STEADY increases in small loans have piled up national totals huge enough to demand scrutiny and explanation. Borrowers are workmen and persons in the lower salary brackets. Rarely are the advances made for the future. Each transaction marks a past or present fiscal crisis in the family. Birth, death, sickness, exasperated creditors—these are some of the troubles which drive workers to agencies dealing in small loans.

Leon Henderson of the Russell Sage Foundation, makes the estimate of the situation shown in the following table:

The growth of small loans, legitimate and otherwise, in the last few years has been astonishing. New Jersey had a 41% increase in the business of small loan companies between 1927 and 1928. For the whole country, this business has doubled in the last three-and-a-half years. Loan shark borrowings rise about 20% every year. No one can yet estimate the effect of the recent business lull on the figures.

One thing is plain—small borrowings are growing steadily and will play an increasingly important part in the liquidation of overburdened family budgets. American consumers have accepted the philosophy of spending and instalment buying. If this use of credit encounters or causes a financial strain they seek relief in instalment borrowing. Most encouraging is the fact that responsible business agencies have recognized the rights of the small borrower and are creating facilities which offer an escape from the loan shark.

COMPARED to the loan shark, Jesse James was a maudlin philanthropist. The shark fastens his fangs on the wage-earner when he needs cash quickly. Twenty per cent a month—240% a year—is the regular interest rate. Negroes pay twice that. Enmeshed with one shark, the victim seeks others. A Chicago railroad worker paid $1,080 interest on a $30 loan and was harassed to the point of suicide for the principal. In Atlanta a laborer was sued for a $10 loan after he had paid $312 interest.

Reduction of the victim's buying ability is a serious factor of the loan shark situation. The diversion is from necessary industries into reservoirs of destructive capital. In Louisville, Ky. (a happy hunting ground for the high-raters) investigation showed that an average of 24% of the earnings of 800 personal bankrupts had been swallowed by loan shark interest. A worker making $1,500 a year paid the shark $360. In New Jer-

LOANS AND THEIR COST

Lending agencies	*Annual Volume of Business*	*Interest Cost*
Small loan companies (lending on chattels and wages)	$500,000,000	$ 80,000,000
Pawnbrokers (legal and non-legal)	600,000,000	150,000,000
Industrial banks (Morris Plan, etc.)	360,000,000	25,000,000
Credit unions (37 states)	45,000,000	2,500,000
Axias (neighborhood thrift agencies)	50,000,000	3,500,000
Personal loan departments banks (100 banks)	40,000,000	2,000,000
Other small bank loans	150,000,000	4,500,000
New York loan sharks (all)	100,000,000	20,000,000
Other loan sharks—Chattel and wage	500,000,000	250,000,000
Co-makers, etc.	50,000,000	20,000,000
Automobile	100,000,000	50,000,000
Remedial loan societies	60,000,000	4,000,000
Employees loan associations	20,000,000	500,000
	$2,575,000,000	$612,000,000

Lewis Daniel

sey, which is protected by a small loan law, 2% of earnings was an average for interest.

Twenty-four of our 48 states have in the last 20 years adopted small loan laws patterned from the model laid down by the Russell Sage Foundation. Statutes fix at 3½% or less the monthly interest for borrowings under $300, and provide license and supervision features. This means interest at 42% a year on unpaid balances and may seem high. But costs of small loans are heavy and this is the figure necessary to attract honest capital. Also it is a tremendous reduction from the shark's 240%.

Most of the states furnishing this protection are in the industrial districts of the Atlantic Seaboard and the Middle West. Kansas has no small loan law but can strike at the shark through a court decision which brands him a nuisance. States without protective laws where conditions are most serious are Minnesota, Kentucky, Texas, Arkansas, Oklahoma, California. Washington.

Attacks of the past 20 years have thrown the sharks into a close combination which fights the advance of decent capital with every weapon that can be bought. A favorite trick is to attack the 3½% rate as being too high; misstatements about legitimate small loan companies are broadcast. When rates are lowered so that honest companies can't make money, the outlaw lender creeps back and resumes his 240% business.

Three states recently have reduced their interest limits: New Jersey from 3% to 1½%; West Virginia from 3½% to 2%; Missouri from 3½% to 2½%. The cut in West Virginia took effect last June 1. Since then, the number of legitimate lenders in Huntington has declined from nine to six, and six loan sharks with their interest schedule of 20% a month have opened offices.

Business Rescues the Small Borrower

ABSENCE of red tape and the immediate payment of the cash advance is one of the shark's strongest assets. Legitimate concerns run on a closer margin and have to be more cautious.

Of these last there are two principal types: so-called industrial banks, such as the Morris Plan, which lend on notes with two or more endorsements; small loan companies whose security is wages or mortgages on household goods. For $100 repaid in a year a Morris Plan company charges $8, while a typical chattel loan for the same amount would come to about $16.50. (It must be remembered that the interest fixed by state law is the maximum. Competition and efficiency often allow reduction in the rate.) Personal loan departments of commercial banks making small loans on endorsed notes charge 11% to 18%.

The companies lending on chattel mortgages and wages deal with the class of workers having the feeblest credit and those most inviting to the loan shark. Most of these crises could be met if the worker had $100 in the bank.

Instalment sales have been one cause of running the worker into debt and forcing his application for small loans. Their aid in bringing comforts and even luxuries within reach of the workmen cannot be denied. But too much of a good thing can be injurious.

IT is a common thing for borrowers to turn over their financial tangles to the chattel loan companies. Part-time payments have outdistanced earnings. They don't know what to do about it. The company does. It makes a loan, takes over the distribution of wages, puts the family on a strict budget, informs creditors of the situation and proceeds to liquidate the debts in an orderly manner through regular payments.

Franklin W. Ryan, vice president of the National Cash Credit Association, declares that the American worker's "recent plunge into debt constitutes one of the most remarkable phenomena in modern history." He says:

"Recently a statistical study was made of personal loans in the state of Wisconsin by W. Frank Person. He found that of 1,000 loans in Milwaukee County, about two-thirds were made either to consolidate pre-existing debts or to pay off debts. Of the $4,000,000 in loans now outstanding in the offices of the National Cash Credit Association, fully two-thirds are made for consolidating or paying off debts. The manager of our Philadelphia office tells me it is fully 75% there."

Mr. Ryan admits that these debts include deferred payments on hospital bills, medical service, etc., as well as automobiles, radios and washing machines. To those who charge that loan companies entice workers into debt, he retorts that instalment borrowing is as desirable as instalment selling, creating means for the payment of debts that otherwise might be avoided.

THE larger commercial banks are going after the small loan business —among them the National City, of New York. "Personal Loans" is the usual name for the department. An expert who recently made a survey of the field lays down certain rules:

No loan should exceed 20% of the applicant's income. Some say 12%;

No loans should be made for speculation or purchase of luxuries;

Borrowers should show regular employment for one or more years;

The loan should pay all other personal loans and debts, real estate and auto excepted;

Encourage thrift, restrict pyramiding.

The experience of the National City Bank is revealing. Its Personal Loan Department allows each borrower from $50 to $1000 on notes signed by two co-makers. Six per cent interest is deducted at the time the loan is made which works out to about 11% simple interest per annum. The borrower must start a compound interest account, making regular deposits which will be sufficient at the end of the year, to pay the note. The compound interest can be used to apply on the debt or it can be left on deposit. About 10% of the borrowers learn the lesson and become regular depositors. In the first year (from May, 1928 to May, 1929), the department made loans to 50,000 families: total $16,500,000 or an average of $320 per borrower. The average borrower is 34 years old, has been on the same job for more than five years, earns $2,755 a year, is married, has one child.

Medical and dental service was the reason for 30% of the loans; debts and other loans, 15%; purchase of home equipment, 14%; business emergency, 11%. Other reasons were payments on home, clothing, education, taxes, insurance, aid to relatives, death.

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Swift Survey of Business Abroad

EUROPE

WITH all main issues at The Hague settled, business interest is turning to the forthcoming naval conference in London. United States automobile exporters are following the uncertain but radical French tariff proposals and the moves toward similar action in other Continental countries. The Soviet continues to contract technical assistance experts from the United States.

U. S. Dept. of Commerce

France—Report of a tax surplus of $264,000,000 exceeds early estimates; fortifies promises of tax reductions without budget deficit; hints at further reductions in the coming budget. Reserves of potential credit of Bank of France now estimated four times greater than at stabilization. Labor shortage only obstacle to greater production of coal and machinery.

U. S. Dept. of Commerce

Germany—Reichsbank reduces rates from 7% to 6½% because of restricted industrial conditions. Year-end business marked by severe complaints from many sides.

Machine tools, agricultural and industrial machinery, building materials, automotive equipment, and luxury articles generally report decline in production, while textile industry continues spotty but generally unsatisfactory. A slow improvement has become evident in footwear with further improvement probable, due to tariff increases. Worst feature of present situation is high cost of credit restricted by excessive public borrowing. Gradual improvement foreshadowed by government's action to correct situation and expected to develop immediately on conclusion of Hague agreements.

Russia—Despite unfavorable weather conditions, sowings of winter wheat will exceed by 1,000,000 hectares last year's area. Brick, cement, and steel plants are working at capacity production and are still unable to keep up with the ambitious building program entailed by the Five-Year Plan. Discovery of bauxite deposits has led government to plan to produce a share of the aluminum used in new industries.

U. S. Dept. of Commerce

Spain—Despite weakness of peseta and general unfavorable financial situation, imports, particularly automobiles, are in fair volume. Year-end review of agricultural production indicates good crops of wheat, rice, olives, and oranges. Prices, however, are low.

U. S. Dept. of Commerce

Czechoslovakia—Shortage of domestic capital and government's opposition to long term borrowing and control of money market by large commercial banks is fundamental cause of present decline in industrial and business activity. Government finances are sound but tax reduction is improbable.

FAR EAST

U. S. Dept. of Commerce

Japan—Anticipating smaller sales in China and South Seas due to weak silver values, consideration is being given to curtailing the production of export goods. Prospects of smaller industrial profits are reflected in declining quotations of leading issues on the stock exchange. Two motor ships launched for service on European run next summer; sailing time, Kobe to Marseilles, 34 days. Government is considering national regulation of all bus transportation, city and state.

U. S. Dept. of Commerce

China—Lowest silver exchange on record brings acute depression in import business. Some hope held that more settled conditions will prevail in North China. Through traffic still blocked on Tientsin-Pukow railway, and Peking-Hankow line not in full operation. Complete resumption of service over Chinese Eastern Railway by January 30 is probable. Control of Salt Gabelle at Canton and Canton-Hankow railway taken over by Nanking government on January 1. Canton's 1929 foreign trade 6% larger than in 1928 due to increased imports. Beginning February 1, duties on foreign imports will be collected on gold basis due to silver depreciation.

U. S. Dept. of Commerce

British Malaya—In line with policy to restrict production of tin, 35 dredges and 11 pumping plants have stopped operations on Sundays. December exports declined 1,231 long tons, to 8,947.

U. S. Dept. of Commerce

Australia—January wool sales opened with rates on a par with December closing prices. Labor is restive. Difficulty is expected in the coal fields of New South Wales, where state has opened several mines with volunteer labor.

LATIN AMERICA

U. S. Dept. of Commerce

Mexico—General situation unfavorable in view of depressed condition of world silver market. Silver mining severely curtailed. Unfavorable exchange curtailing imports.

U. S. Dept. of Commerce

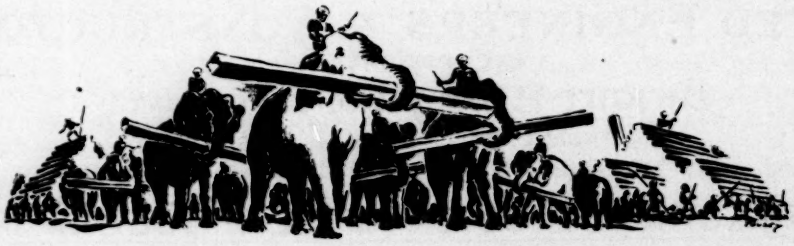
Argentina—Business is dull but more optimism is evident. Liability bankruptcies declined 8,000,000 paper pesos to a total of 18,000,000 in December. Weather continues favorable to growing corn. Nyrba (New York-Rio-Buenos Aires air line) has inaugurated weekly air mail and passenger service from Buenos Aires to Rio de Janeiro, later to be extended to the United States. Similar service between Buenos Aires and Mar del Plata established by Aero Postal (French) and Nyrba.

U. S. Dept. of Commerce

Brazil—Political situation is quiet and firmer exchange is attributed partly to resumption of selling by Bank of Brazil and rumor that export of gold will be renewed soon. Finance ministry inaugurates fiscalization of all exchange transactions by the banks. Coffee Institute of Sao Paulo has adopted emergency measures providing for release of better grades of coffee through substitution for and destruction of old stocks. Entries at Rio suspended because of heavy stocks and exports from Santos continue light, with prices showing slight upward tendency.

U. S. Dept. of Commerce

Chile—Boom conditions continue. Bank reports for December came near touching the high figure reached in August. Budget for 1930 includes 392,420,000 pesos for public works and subsidies for certain industries, such as the new steel industry, and is expected to continue activity in business.



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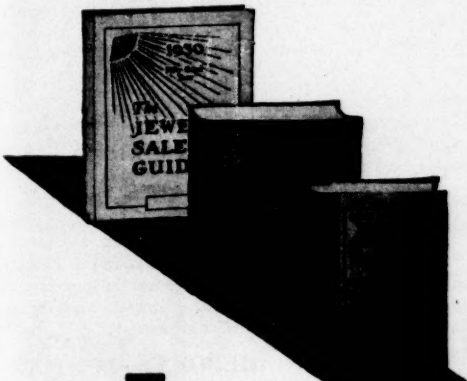

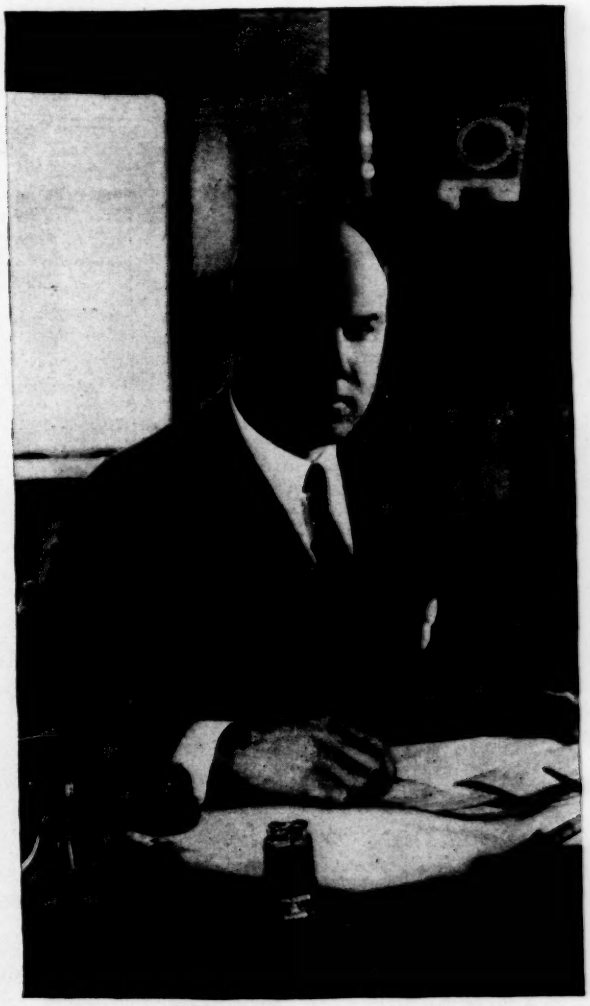

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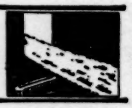

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Wide Reading

THE CONCENTRATION OF BANKING RESOURCES. George S. Mumford. *Harvard Business Review,* January. Bankers, working under rules made for conditions now past and dead, are driven to exercise all their ingenuity to find legal ways to meet demands of public for modern banking facilities.

WANTED—THE PROFIT ENGINEER. C. E. Knoeppel. *Factory and Industrial Management,* January. Postwar competition is forcing keener profit sense—shrewder management.

HOW FIVE BIG FIRMS SHARE PROFITS WITH EXECUTIVES. Herbert Kerkow. *Sales Management,* January 4. Plans in operation at General Motors, U. S. Steel, General Electric, U. S. Rubber, Standard Oil.

EUROPEAN AERONAUTICS AND AMERICAN FOREIGN SALES POSSIBILITIES. John T. Nevill. *Aviation,* January 11. Observations of an air pilot regarding sales possibilities and difficulties in Europe.

TELEVISION—A PROPHECY FOR FUTURE SELLING. Darwin L. Teilhet. *System,* January. Possibilities for long-distance selling that will cut salesman costs and allow wide coverage of a territory.

THE FEDERAL RESERVE SYSTEM IN THE LIGHT OF CHANGING BANKING CONDITIONS. W. P. G. Harding. *Harvard Business Review,* January. The problem of retaining interest and cooperation of small and medium-sized banks whose own independent existence depends in some degree on continued operation of Reserve System.

ELECTRICAL MERCHANDISING IN 1929. *Electrical Merchandising,* January. A review of the year with complete figures on appliance sales.

CHILE'S ROAD-BUILDING PROGRAM. Carlos Concha Fernandez. *Chile,* January. A steady program of expansion using imported equipment and developing a broader motor market.

FOOD PACKAGING. *Food Industries,* January. Entire issue devoted to summary of recent advances in materials used, methods, and machines adapted to packaging foods.

DODGE STARTS WORLD PROGRAM TO SELL MOTOR BOATS BY MOTOR CAR METHODS, *Sales Management,* January 4. Dodge revamps world-on-wheels to world-on-keels slogan; waterfront garages, new traffic systems forecast.

CANADA'S WHEAT POOL. Merrill Dennison. *World's Work,* January. Cooperative marketing of 15,000,000 acres of wheat, at the rate of $1,000,000 daily, faces its first crucial test.

RAILWAY DEVELOPMENTS IN 1929 AND PROSPECTS FOR 1930. *Railway Age,* January 4. Annual statistical number, complete with charts and tables.

HOLD THE HEAT AND MAKE IT DO YOUR WORK. *Power Plant Engineering,* January 1. Annual heat saving number.

AUTOMOBILES—THE SHOW AND THE INDUSTRY. *Automobile Trade Journal,* January. Descriptions of 19 new automobiles.

MAKING LESS CREDIT DO MORE BUSINESS. Theodore Knappen. *Magazine of Wall Street,* January 11. Eliminating the abuses of credit would mean the release of abundant funds for every form of trade and industry, lower interest rates, higher bond prices, stronger and more stable business.

PRESIDENT HOOVER IN INTERNATIONAL RELATIONS. Mark Sullivan. *Yale Review,* Winter. Analytical methods of an engineer as they have been applied to the business of governing.

SHALL SPEED LAWS BE ABOLISHED? Travis Hoke. *Popular Science Monthly,* February. Presents a Speed-with-Safety plan compatible with public demand for swifter travel with greater safety.

PROGRESS IN 1929. *Mechanical Engineering,* January. Annual review issue with report of meeting of A. S. M. E.

CONTINUED INDUSTRIAL PROSPERITY IN CANADA. Herb C. Bround. *Canadian Machinery,* December 26. Silver jubilee number with survey of industry in Canada.

THE DENTIFRICE RACKET. Catherine Hackett. *New Republic,* January 15. A broadside aimed at "extremes" of present-day advertising in one field.

MR. CALKINS LOOKS BACK TWENTY-FIVE YEARS AT ADVERTISING. Earnest Elmo Calkins. *Printers' Ink,* January 9. Advertising surveyed, appraised, criticized by one of its favorite leaders.

HIGH LIGHTS IN THE LATIN-AMERICAN COMMERCIAL SITUATION. George J. Eder. *Commerce Reports,* January 6. Foreign market demand for coffee has an important influence on the general economic conditions in many Latin American countries.

REPORTS—SURVEYS

ANNUAL REPORT OF THE SECRETARY OF COMMERCE. Washington, 40 cents. Sections devoted to foreign trade, elimination of waste, progress of civil aeronautics, summaries of foreign trade conditions.

CONSOLIDATED AIR PASSENGER TIMETABLE. American Air Transport Association, 32 pp. Guide to entire United States airway system and to foreign routes which now connect this country with 22 other nations. Tables indicate time, distance, kind of equipment.

DEPARTMENT OF COMMERCE YEARBOOK, 1929, Volume II. Washington, $1. Information for American business in promotion of foreign trade and of the safe investment of capital in 65 foreign countries.

COMMERCIAL STRUCTURE OF NEW ENGLAND. Edward F. Gerish. United States Department of Commerce, 323 pp., 95 cents. Part II of Commercial Survey of New England; discusses wholesale and retail trade areas, food market, recreational facilities and transportation; based on 3-year government survey. Contribution in survey technique to all engaged in market research.

HOURS OF WORK ON BOARD SHIP. International Labor Office, Geneva. Distributed by World Peace Foundation, 280 pp., $1.50. Selected collection of laws, regulations and collective agreements influencing hours of work by seamen from 30 countries.

DODGE TRUCKS

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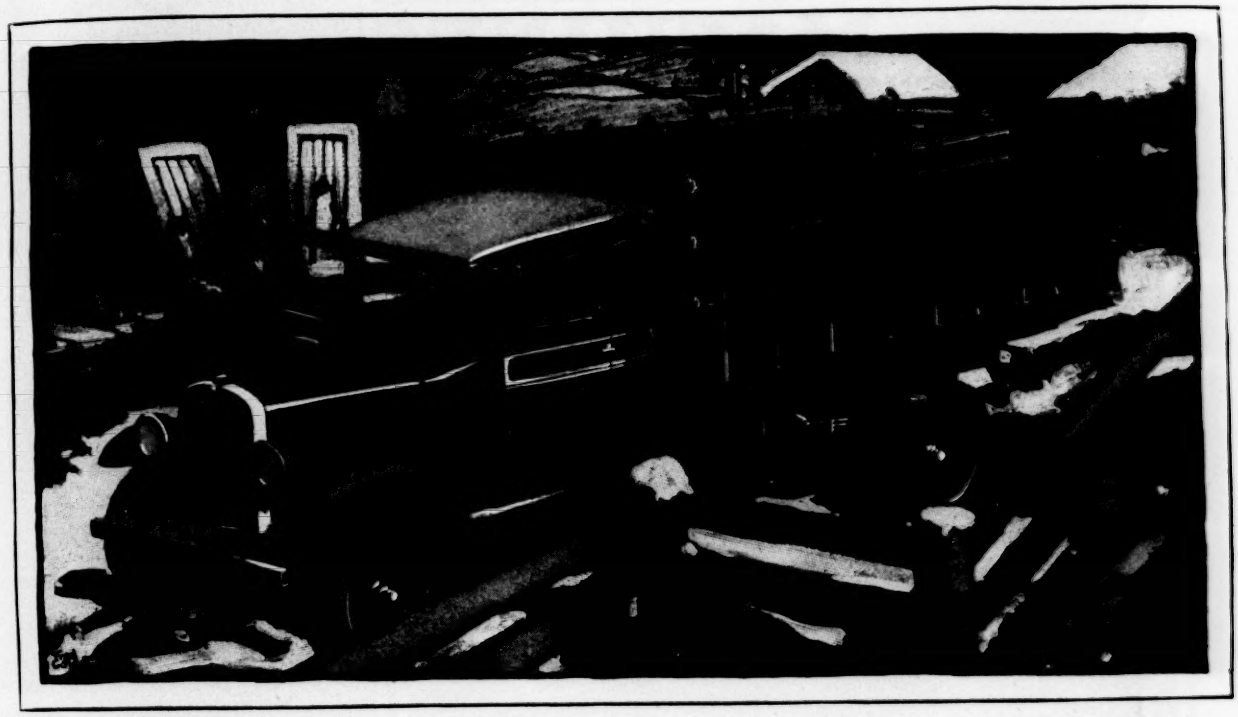

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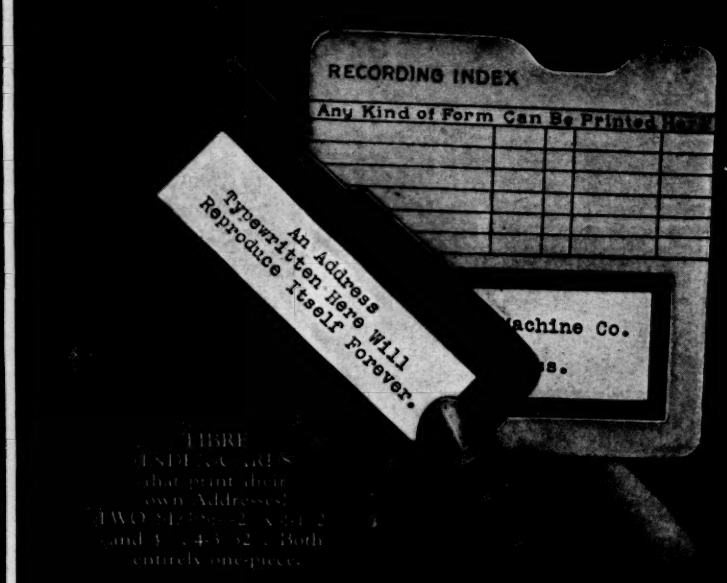
¾-TON—124" wheelbase (4-cyl.)	675
¾-TON—124" wheelbase (6-cyl.)	775
1-TON—133" wheelbase (4-cyl.)	745
1-TON—133" wheelbase (6-cyl.)	845
1-TON—140" wheelbase (6-cyl.) Heavy Duty	1065
1½-TON—150" wheelbase (6-cyl.)	1345
1½-TON—165" wheelbase (6-cyl.)	1415
2-TON—150" wheelbase (6-cyl.)	1515
2-TON—165" wheelbase (6-cyl.)	1585
3-TON—135" wheelbase (6-cyl.)	1745
3-TON—165" wheelbase (6-cyl.)	1775
3-TON—185" wheelbase (6-cyl.)	1845

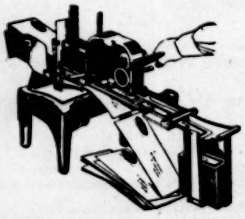
Chassis f. o. b. Detroit

SOLD BY DODGE BROTHERS DEALERS EVERYWHERE

ADDRESSING "ELLIOTT" MACHINES



You already own half of an ELLIOTT ADDRESSING SYSTEM —if you own a Typewriter!



"ELLIOTT" offers the ONLY popular-priced Addressing Machines in the world equipped with the convenience of AUTOMATIC ENVELOPE FEED!

Each "typewriteable" Stencil-Card is also a complete, compact, one-piece RECORD-CONTROL CARD. Easy to prepare. Easy to handle. No heavy cumbersome metal. Positive instead of negative in file.

Machines of every size for every name-writing requirement. Speeds as high as 12,000 different addresses per hour.

The System you will buy if you want the best!

CLIP and MAIL this COUPON

☐ FREE Catalog
☐ FREE Demonstration
☐ FREE Book about Direct-Mail Advertising

Check what is wanted at left, attach to your business letterhead, and address to the Elliott Addressing Machine Co., Cambridge, Mass., U. S. A. (or 84 St. Antoine St., Montreal, if you are in Canada).

Engineers Would Headline These—

A SWIFT survey of engineering progress in the last year is given by the annual reports of professional divisions of the American Society of Mechanical Engineers. At the annual meeting the following were of major interest:

Aeronautics—Air-cooled-in-line engines; high-temperature, liquid cooling; venturi-type cowling; geared engines; larger sized monoplanes; better streamlining; U.S.-South American air lines; operating company consolidations; rail-air combinations; airport developments.

Fuel Utilization—Hydrogenation of coal; natural gas utilization; low temperature carbonization; large boilers with furnace wall cooling; pulverized coal; high speed diesels.

Hydraulics—Public utility mergers; model testing of proposed power plants; adjustable vane turbines.

Iron and Steel—Mergers; Detroit development; coal beneficiation; wide hearth blast furnaces; continuous process rolling mills; Aston process wrought iron; new alloy steels, stainless; nitriding; larger electric arc furnaces.

Machine Shop Practice—Cleveland Exposition; automatic operation; use of standard tools, special fixtures; hydraulic control; lubrication; tungsten carbide cutting tools.

Materials Handling—Materials research; development of special equipment; lubrication.

Oil and Gas Power—Packard airplane engine; marine oil engines; extension of railway service.

Petroleum—Automatic, electric motored line pumps; improved refining stills; vacuum distillation; hydrogenation; automatically controlled stills; extension welded pipe lines.

Steam Power — Mergers; increased size and life of steam plants; pulverized fuels; regenerative cycle feedwater heating; larger turbines.

Printing Industries — Teletypsetter; improved paper winding machinery; air conditioning paper; steel-plate power engraving press.

Railroads—Extension of bus services; reduced schedule times and increased service; high pressure, turbine and oil-electric locomotives.

Textiles — Humidity control; improved machinery and methods; variable speed spinning spindles; rayon power looms.

Wood Industries—Sequential operations; grade marking; unit powered machines.

FLYING DOWN TO ECUADOR

Passing El Misti in the Peruvian Andes at 110 miles an hour

The Ford Plane

The Ford plane is planned, constructed and operated as a commercial plane. Built of corrugated aluminum alloys, it has great structural strength, unequaled durability, and is most economical to maintain in operation. The uniformity of its material is determined by scientific test. All planes have three motors in order to insure reserve power to meet and overcome all emergencies. The engines may be Wright or Pratt & Whitney, air-cooled, totaling from 900 to 1275 horse-power. Ford planes have a cruising range of from 580 to 650 miles at speeds between 55 and 135 miles per hour. Loads may be carried weighing from 3670 to 6000 pounds.

The human capacity of these planes is 13 to 15 passengers and a crew of two (pilot and assistant). Each plane is equipped with a buffet, toilet, running water, electric lights, adjustable chairs.

The price of the Ford tri-motored, all-metal plane is exceptionally low because of its highly scientific methods of commercial production. Price is $42,000 to $55,000 at Dearborn.

Ford branches will be glad to give you information on the Ford tri-motored, all-metal plane in all models.

A LITTLE MORE than a year ago we wrote as a prophetic statement that American air-lines would soon be reaching down to the mainland of South America! Today big tri-motored, all-metal Ford planes are not only reaching the mainland of South America, from Panama, the West Indies, and Florida, but they are flying on, farther and farther southward, where there are no roads, no trails, and man can only cross geographical barriers by taking wings across the sky. . . .

Pan-American air-liners, using only multiple-engined planes of large passenger capacity, are winging over the islands of the Gulf of Mexico and the countries of the mainland. Well-organized tours, operating in conjunction with railroads and steamships, reach Nassau, Mexico, Cuba, Haiti, Dominican Republic, Republic of Panama. In addition, there are 4000 miles of airways over which the Pan-American carries mail to Honduras, British Honduras, Nicaragua, Costa Rica, Colombia and Curacao.

Over the South American mainland the Pan-Grace lines, co-operating with the Pan-American, are sending Ford planes speeding across the jungles and mountains of Venezuela, Colombia, Ecuador, Peru and Chile on regular schedules!

Ford planes have proven to be most logical vehicles for these great pioneer lines that must operate over enormous distances and hazardous country with the safety and efficiency of railroads.

FORD MOTOR COMPANY

Visitors are always welcome at the Ford Airport at Detroit

Going aboard for a long tour across tropical skies

MacDonald Bros.
INC.
ENGINEERS

Frozen assets! To make them productive again . . . to determine and develop the *real earning capacity* of industrial plants, an increasing number of banks and financial houses now rely on the organized procedure of MacDonald Bros., Inc.

We have consistently increased earning capacity and net profits for a limited number of clients. Past and present, these client-companies represent 230 different industries . . . and an unbroken record of success in their service. Executives of Management in any industry may communicate directly with Mr. G. Vallee Bain, Vice-President of the corporation.

131 State Street
BOSTON
Massachusetts

551 Fifth Ave.
NEW YORK, N. Y.

1623 Euclid Ave.
CLEVELAND, O.

212 South Tyron St.
CHARLOTTE, N.C.

310 South Michigan Ave.
CHICAGO, ILL.

WHAT OF IT?

SUPPOSE buyers do insist on fast delivery of smaller, more frequent orders? Modern distribution methods, via G & W distribution service, meet this condition easily and economically.

G & W distribution service gives you spot-stocks in Chicago, the center of a rich concentrated consumer market, and puts your products in your customers' hands with overnight deliveries.

Over 250 manufacturers distributing nationally use this specialized service. G & W warehouses give you every facility—are ideally located—perfectly organized.

Write for detailed information in our booklet, "The Way to Distribution".

For distribution in Chicago, consult

GRISWOLD & WALKER, INC.
1525 NEWBERRY AVENUE
CHICAGO, ILLINOIS

Consult G and W

BW-1-22-Gray

A Shortage That Makes Surpluses

AMERICA'S really basic crop, the one which, in the long run, determines the size of all other crops, is decreasing at the rate of 50,000 units a year, or between 3% and 4%. That is the baby crop. Rate of production in 1930 will be no more than is necessary to maintain a stationary population. A real period of stationary population will be reached about 1960 or 1970, with a grand total for this country of 150,000,000. The potential market for baby things is rapidly decreasing. The falling off in the baby crop is one of the major causes of the present unenviable condition of the farmer; it also has much to do with over-production problems of industry.

So experts told the American Sociological Society at its annual meeting in Washington during the holidays. The attributed cause of fewer babies, if not better ones, differs with the fervor of the expert, but most of them say the increasing practice of birth control. Others employ mystic formulas, obscure and indirect, to explain the situation. All, however, agree that it exists.

The experts informed the society that they were astounded when they discovered recently that the total enrollment of children in the lower grades of the public schools was falling off perceptibly, despite the popular craze for education. Investigating, they found that it was because there were not so many children as in former years.

Lack of babies and the consequent slowing up of population growth, was also held responsible for the fact that since the war production of farm stuffs has increased 50% more rapidly than population.

A similar trend appears throughout Western Europe, the predominant foreign market for American agriculture. Thus the teeming millions of Asia afford the best prospective foreign market. But first the Asiatic living standard must be raised, and many prominent sociologists say that this can only be done by birth control. But if birth control raised standards, it would lessen population, and the market for American surpluses would not be big enough.

There is some hope in the fact that most of the experts admitted that changed conditions during the next fifty years might upset all their gloomy predictions.

Pullman Car Kept Roads Awake

THERE is food for business thought in Pullman history. One sound idea has dominated the enterprise for 80 years—selling comfort and convenience to the public.

George M. Pullman was not the first man to build a sleeping car. He was merely first to build a car in which one could really sleep. He realized that, to be successful, a sleeping car would have to be, from the very outset, a thing of luxury. He built his first car, old "No. 9," in 1859. It ran on the Chicago and Alton, the gilt-edge railroad of those days. Then the Civil War came; the government let the public use the railroads in the day-time, but commandeered them for its own use at night. Pullman's business ceased, but he kept the idea.

Shortly before the war ended, he started building a palatial car—a $20,000 product. He called it "The Pioneer." It was too wide to go past railway platforms then in use, too high to pass through the superstructures of most bridges; but he built it as he believed a sleeping car really should be built.

Then Abraham Lincoln died. High government officials had heard of this car. They asked to have it attached to the Lincoln funeral train, Chicago to Springfield. So the Chicago and Alton got busy, sawed off the ends of its platforms, pushed up the overhead structures of bridges, to make its railroad fit the new car. Later when President Grant was on a tour west, a railroad from Cleveland to Chicago was similarly remodeled. Literally, railroads were made over to fit George Pullman's car.

But the new car influenced railroad—and American—history in a still more profound way. It was much more successful than the Federal government has been recently in inducing railroad mergers. Railroads at first were small local affairs. Commodore Cornelius Vanderbilt put together something like five railroads between New York and Albany and eleven between Albany and Buffalo to make the New York Central. The sleeping car emphasized both the need and advantage of such larger systems. Numerous mergers followed.

From the very beginning Pullman has been a manufacturing as well as operating company. Between January 1, 1881, and December 31, 1928, the company built 40,468 cars of all types for passenger trains and 303,415 freight cars.

THE PHOENIX INSURANCE COMPANY MUTUAL LIFE

of Hartford, Conn.

has developed, out of its 78 years of experience, a new financial plan which enables you to

RETIRE AT 55

Under this plan you get not only immediate protection for your beneficiaries but also, for yourself in later years, *a guaranteed income you cannot outlive.*

What a dividend-paying $10,000 policy will do for you

It guarantees to you when you are 55

A MONTHLY INCOME FOR LIFE of..... $100.00
which assures a return of at least . $10,000.00
and perhaps much more, depending upon how long you live.

Or, if you prefer,

A CASH SETTLEMENT AT AGE 55 of . $15,100.00

It guarantees upon death from any natural cause before age 55

A CASH PAYMENT to your beneficiary of $10,000.00
Or $50 a month guaranteed for *at least*
24 years and 8 months ..... Total $14,823.00

It guarantees upon death resulting from accident before age 55

A CASH PAYMENT to your beneficiary of $20,000.00
Or $100.00 a month guaranteed for *at least*
24 years and 8 months ..... Total $29,646.00

It guarantees throughout permanent total disability which begins before age 55

A MONTHLY DISABILITY INCOME OF .. $100.00
And the payment for you of all premiums

NOTE—Married men and others having dependents will be interested to know that you may also include in this plan a new provision whereby neither you *nor your beneficiary* can outlive the Retirement Income. Similar plans for retirement at ages other than 55, or for women policyholders, are also available. Further particulars on request. Mail the coupon below.

Copyright 1930, P. M. L. I. Co.

PHOENIX MUTUAL LIFE INSURANCE COMPANY, 482 Elm Street, Hartford, Conn.
Please give me full information about your new RETIREMENT INCOME PLAN.

Name..... Income to start at age.....
Business Address.....
Home Address.....
Your date of Birth..... Date of Birth of Beneficiary.....

American Business Builds A New Pan-Americanism

Its men, money, tools and goods have gone south to do a big job for our Latin neighbors and to win confidence as our diplomats never did

A NEW Pan-Americanism based on complete commercial cooperation between the United States and Latin America will probably be one of the outstanding economic developments of 1930. The trend is not new; it has been going on since the Great War pried loose Europe's 400-year grip on the commercial life and cultural thinking of the twenty nations which were once colonies of Latin Europe. In war trade Latin America discovered its importance to the rest of the world and began to realize its possibilities.

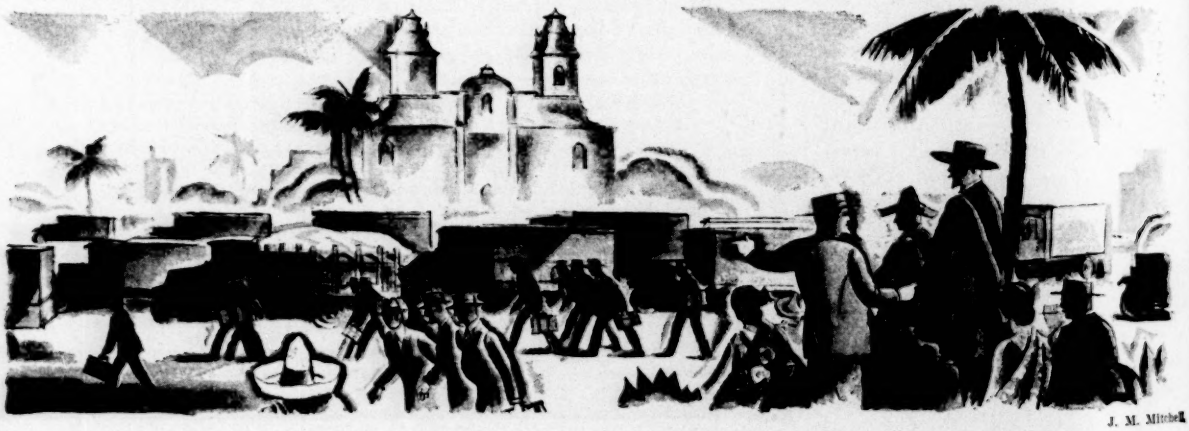
The colonial period and the period of colonial thinking ended then and there. Its people demanded, with increasing vehemence and growing tariff violence, an immediate and unhampered road to economic freedom and economic self-sufficiency. In the past ten years they have found out that the way to that independence is through the financial, commercial and mechanical cooperation of the United States.

The flying fists and legislative vehemence of that rude awakening struck in every direction and most, indeed, they struck at the one source from which they could expect and have received the greatest and most direct aid toward the desired end—the United States. But in the past two or three years, and especially in the past twelve months, the tide has definitely changed. While resentment is still carefully nursed by some of the older generation, Latin America, as a whole, now realizes that the United States is the one great center of financial power and of export potentialities which can furnish it with the sinews of its economic regeneration; that the American viewpoint of business building is to help the buyer to greater prosperity so that he may buy more and better products. The old suspicion of American imperialism may still lurk in Latin American minds, but they are finding that American trade is not necessarily a prelude to political annexation.

Today, there are in Latin America about $8,000,000,000 of American capital, of which $6,000,000,000 or 75% have gone in since the close of the Great War, most of it within the past five years. Before 1914, there was hardly a dollar of earmarked American capital in the government loans of Latin America. There was almost nothing in public utilities, nothing in factories, relatively little in railways. Overwhelmingly, the American investments in Latin America before 1914 were in mines and oil wells; most of it was in the form of subsidiaries of powerful American companies engaged largely in the old European type of "development"; that is, the exploitation of natural resources which sent millions of dollars of precious metals, oil and tropical products to the United States and left to the countries which had given that wealth only the wages of workmen and local taxes.

Since the war, $3,000,000,000 of American capital has gone into Latin American government bonds—almost all of it since 1924. Most of that money has been put into public works. Public utilities account for about $600,000,000. Two-thirds of this latter sum was invested by the Electric Bond and Share Company through its subsidiary, American and Foreign Power, not only in old plants and franchises but in new machinery and equipment, now making cheaper power and improving immeasurably the economic and social life of the countries. Money is going, increasingly, into the highly profitable local industries which are growing up everywhere. The financial machinery for this type of investment will unquestionably be perfected in 1930, and immense new sums will be invested.

UNITED STATES exports to Latin America are in round figures $1,000,000,000 a year, of which the remarkable total of $670,000,000 represents "industrial equipment, supplies and materials"; in other words, the type of goods that build civilization and create economic autonomy. American trade with South



J. M. Mitchell

The vital news of your business delivered every day

Each department's record every 24 hours

YOU can't keep abreast of the news if you read today's paper a month from now. Neither can you keep abreast of your business when figures on which you must base decisions are days or weeks late.

Vital figure-facts, such as orders received, sales billed, unfilled orders, accounts receivable and payable, bank balances . . . all should be delivered to your desk every morning at nine. Only by having up-to-the-minute figures before you, can you plan your course intelligently and safely.

With Elliott-Fisher you can get a *daily report* from every department of your business . . . a report posted up to last night's closing that tells you exactly where you stand TODAY. You can compare today's position with your position on the same day a week ago, a month ago, or a year ago.

Even when you are away from the office . . . on business affairs or vacation . . . a complete, concise Elliott-Fisher summary may be placed in the mail to keep you posted quite as effectively as if you were at your desk.

Without adding a man to your payroll, or in any way disturbing your present accounting routine, Elliott-Fisher combines the figure facts of every activity into a single easy-to-read report. Hundreds of business firms that are distinguished by efficient management are Elliott-Fisher owners.

We'd like to tell you more about the part that Elliott-Fisher fact-finding machinery plays in their success.

Use the coupon below and we shall be glad to send you detailed information.

Elliott-Fisher

Flat Surface Accounting-Writing Machines

GENERAL OFFICE EQUIPMENT CORPORATION

Division of Underwood Elliott-Fisher Company

342 Madison Avenue, New York City

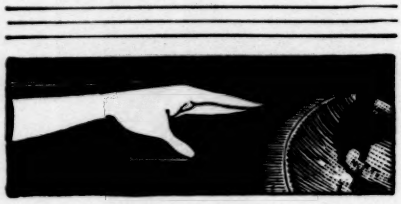
"Underwood, Elliott-Fisher, Sundstrand, Speed the World's Business"

General Office Equipment Corporation
342 Madison Avenue, New York City

Gentlemen: Kindly tell me how Elliott-Fisher can give me closer control of my business.

Name_____

Address_____



PURPOSE

To gather the news about business and the news which affects business; to present that news accurately, interestingly, tersely; finally, to interpret its meaning with insight and wisdom. This is the purpose of

The Business Week

America increased at the rate of close to 25% during 1929.

In addition to these imports of the materials for the building of civilization, Latin America has drawn from the United States in the brains and skill which are doing the actual construction of these material foundations of modern progress.

The Frederick Snare Corporation is building the new port works at Callao, Peru, gateway to Lima and much of the hinterland; has done extensive work in Cuba and elsewhere in Latin America. The Foundation Company holds the contract for the sanitation of thirty cities in Peru; is handling important construction projects including the rebuilding of the ancient palace of Pizarro, in Lima; has a contract for 660 model concrete school houses in Chile; holds building and road contracts in several of the other countries.

Dwight P. Robinson & Co. is building the new Buenos Aires subway, biggest job in South America, designed to carry standard railway cars into the center of the Argentine capital; has recently finished the National City Bank Building in Buenos Aires. R. W. Hebard & Company has road contracts in Central America, the Dominican Republic and Colombia; is doing railway and building construction. The Fred T. Ley Company has put up some of the finest buildings in Lima; is working in Argentina, Chile and Brazil.

Ford and General Motors have assembly plants in Latin American countries; the General Electric has lamp factories and, in Brazil, a thriving home industry in other branches of electrical manufacture. There is a strong trend in the direction of local manufacture, and home industries add wealth to raw materials, increase native purchasing power.

The engineering skill and tools of the United States are building the solid structure of Latin American civilization and will long continue to do so.

Demands Go Up; Buildings Down

OBSOLESCENCE is annually throwing approximately 100,000 office buildings into the discard as money-making propositions. Thus conclude structural engineers who have been studying buildings in process of demolition. Dissection of two Chicago buildings over 35 years old showed them structurally sound but obsolete as revenue-earners because of interior arrangement, plumbing, elevators and equipment.

What the Leaders Are Saying

COMPACT survey of industrial capacity by Dr. Thornton Read, Columbia University:

"The 120,000,000 population of the United States does within 5% of the amount of work accomplished by men and machines by the 1,111,000,000 approximate population of the other continents. The United States does one and one-half times as much per man as her nearest competitor, Canada, and 30 times as much as China. With approximately one-sixteenth of the population of the world, the United States does about half its work."

FLINT GARRISON, director general of the Wholesale Dry Goods Institute:

"The future relationship of the manufacturer of piece goods to his trade outlets apparently will be that of a contractor figuring his costs on the buyer's specifications and making his bid on a basis of more or less open competition.

"The present tendency of a high proportion of wholesalers is definitely inclined in the same direction. Several wholesalers of importance now distribute more of their own than manufacturers' brands.

"These tendencies, if carried to their ultimate conclusion, would force the manufacturer desiring to maintain the position of his identified product to go directly to the outlets most receptive to branded merchandise. To reach these outlets—40,000 to 50,000 medium-sized or small independent stores—with a line which represents from about 3% of the sales of the larger stores, as these goods do, to 5% of the smallest ones would involve a selling expense which is obviously prohibitive."

THOUGHT-PROVOKING excerpts from a discussion of advertising by Walter Buchen, of Chicago's Buchen Company:

"While the trade paper field needs birth control, it also needs births. But they should be so managed that infant mortality is low.

"Advertising is not as mysterious or unfathomable as many think. Part of its value is proveable and measureable; part is proveable but not measureable; part is neither proveable nor measureable. The tendency is to give more attention to proving and measuring its effectiveness.

"My own experience has been that in times of business decline there is more turning to advertising than turning away from it."

APROPOS of an increase in retail sales of $30,000,000 in 10 months, A. M. Kelly, president, National Confectioners' Association:

"There is plenty of evidence that a large number of manufacturers during the last year have sacrificed profit to volume, and that many of them have tried to offset the losses resulting from this policy by reducing quality. The most conspicuous successes, however, have been made by those who have improved their products and maintained their prices in the face of the strongest competitive pressure."

FIRM believer in peace is General Jan Christiaan Smuts, Great Britain's venerable leader in South African development. Visiting in the United States and Canada, he remarked:

"The last war is really the last war of a dying period in human history. We are slowly crossing from one era to the other. That new era will show other kinds of war, such as tariff wars. I hope they will not be too bitter."

HEYWOOD BROUN'S observation of what the modern business man is not:

"Time was when every rich industrialist was of necessity a villain. The captains of finance were the men behind the trusts and the trusts ground down and exploited the poor. Once upon a time the notion held sway that if the government would only compel competition in every form of business we should all be rich, happy, and the possessors of full dinner pails."

OBSERVED in Moscow by Walter Duranty, respected newspaper correspondent:

"As far as Russian communism is concerned, one thing is certain—every ounce of ruling power, and boss power, and ward-henchman power, and organized workers' power, and young-idealistic-know-nothing-kid power is massed together to make it win.

"With the Kremlin, I believe that Russian peasants have begun to see the advantage of the new collective farm system over the old individual methods. Collective farms can be supplied with enough material and other aid to make them more successful than the individual system has."

Tipped with a "shock absorber"! The Oval Point makes writing effortless.
Have your secretary buy #788, or send 10c to us for assorted samples to find your personal pen. Esterbrook Pen Co., 56 Cooper St., Camden N. J.
or Brown Bros., Toronto
Esterbrook

Combine Business with Pleasure at PINEHURST
THIS famous old winter resort presents an opportunity for more than sport and recreation. Business men who have earned the right to rest and play are the type with vision to see the industrial possibilities of the Pinehurst region and Central Carolinas.
While at Pinehurst this winter, journey around to nearby towns. You'll discover some interesting production factors which few locations have. Or better yet, write us for the facts on Central Carolinas. Please name your product and the volume desired.
CAROLINA
POWER & LIGHT COMPANY
ROOM NO. 320 INDUSTRIAL BUREAU
RALEIGH, NORTH CAROLINA

From Blue Prints to Finished Building

DESIGNING engineers—purchasing engineers—hydraulic engineers—electrical engineers . . . we have fourteen distinct classifications represented on our engineering staff.

Whether it is a factory, an office building, power plant, or service building that you are planning to build, the Barstow staff is qualified to handle every detail of the job—develop plans in accordance with present and future requirements, design the building, purchase all materials, construct it, and equip it complete for use.

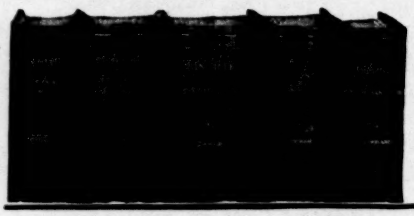
Let us consult with you.

Our twenty-page booklet will be sent on request.

W. S. BARSTOW & COMPANY, INC.

Engineering—Design—Construction

50 Pine St., New York City 412 Washington St., Reading, Pa.



Hundreds of executives are increasing sales, increasing profits—making quotas, by using the proven plans in

The Library of Sales Management

THE *Library of Sales Management* quickly lays bare a wealth of tested "pointers" for boosting sales. You are told *how* to train salesmen; *how* to build sales values so customers will really want to buy; *how* to adapt the sales canvas to different types of prospects; *how* to build up profitable marketing plans, map out markets, sell convenience, shopping, specialty and industrial goods; how to determine price policies, with relation to cost, demand, credit, discounts and so on. Better still, you'll want to read *how* to select salesmen, *how* to pay salesmen, and *how* to "control" your men. Then too, you'll find a world of practical knacks for conducting sales contests, conferences and conventions; preparing sales manuals, circulars, booklets, prospectuses; writing letters to salesmen—scores of down-to-earth ideas for the busy sales manager.

Written by such recognized authorities as Tosdal, Starch, and Copeland, of Harvard University; Snow and Picken, of Northwestern University—you can depend upon this *Library*.

3,110 Pages, 5½ x 8⅛, 580 illustrations, charts, tables

Mail This Special-Offer Coupon

McGraw-Hill Book Co., Inc., 370 Seventh Avenue, New York

Please send me on approval, postpaid, the *Library of Sales Management*, five volumes, buckram binding, gold stamped. Within ten days after their receipt, I'll send you $1, and $2 a month for nine months, until the special price of $19.00 has been paid. Otherwise I'll return the books postage prepaid.

Name ..... Position .....

Street & No. ..... Firm .....

City & State ..... Business .....

(Outside continental United States and Canada, cash with order.) B. W. 1-22-30

Delivery Service May Be Too Good

THE rush of business around the Christmas holiday season, when people buy more food as well as more of everything else, has again caused the retail grocer to furrow his brow over the multitudinous problems of his delivery system. At this period, more than at any other time of the year, he realizes that efficient delivery is an extra and a potentially expensive service; he must constantly watch its costs to make sure that it brings in enough added volume and profits to warrant the expense.

But if the findings of the Harvard Bureau of Business Research, which recently examined the profit and loss statements of 500 retail grocers, are to be accepted as a criterion, the grocer does very little about his delivery troubles. Of the 500 studied, 111 kept insufficient data to justify classification, 110 had a definite service policy, 46 had a definite cash-and-carry policy, and 233 had no policy whatever. The latter spent 3% less on delivery than the stores which had definite policies, but this was more than offset by a loss of profitable business. The service stores had a gross margin of 21.5% and a net profit of 2.1%. This was ½% more net profit than shown by the stores without definite policies. And where the service stores did an average sales volume of $85,000 a store, the cash-and-carry group averaged only $65,000.

Another investigation, a detailed study of a typical store, was undertaken by W. F. Williamson for the Department of Commerce, at the request of the National Association of Retail Grocers, to show that success of a service policy depends upon recognition of costs and utilization of the sort of service required. The store under observation used four light trucks and a special coupé. The value of the average order was found to be $2.94, and the average cost of delivery was 20.9 cents, a trifle more than 7%. The cost was excessive because the delivery area was too large. Seventy-three per cent of the store's sales were within a radius of 2½ miles, but much time and money was spent making deliveries between this and a 7½-mile radius.

These fringe sales loaded the whole business with high delivery costs. One-third of the trips were made with but one order, and there were never, during the day analyzed, more than eighteen orders in a load. The solution suggested by Mr. Williamson was to decrease the delivery area or make an extra charge for delivery beyond a certain limit.

Insurance Loses Its Appetite

NO change in life insurance company and savings bank investment regulations in the United States is likely to take place this winter. The agitation for modification of regulations apparently has died away.

In Canada, where little limitation has existed, there is now strong agitation to curb insurance company investment in common stocks. Parliament is certain to consider the situation, and some action is expected. The government is urging it. Common stock holdings run as high as 50% of assets in some cases, it is said.

The question of how the insurance companies invest their funds is of general concern. The life insurance companies make up what is probably the largest group of investors in the country and thus what they do has an important effect on securities. At present, most state regulations largely restrict the life companies to high grade bonds and mortgages, etc.

How they invest is of special concern to the people they insure. More than 65,000,000 Americans carry life insurance, and have implicit faith in the soundness of the companies.

Greatest agitation was for permission to buy common stocks. Companies in states permitting this investment, and the non-life insurance companies showed huge profits on their books from common stock investments prior to October, 1929. So did some savings banks. These profits whetted the appetites of concerns barred from sharing them.

The market panic in October and November changed all of that. While many insurance companies, both life and non-life, that could buy stocks did so at the bargain levels, interest in liberalization of investment regulations is at present conspicuous by its absence.

Government Jumps Into Traffic Jam

THE United States government is going to tackle Baltimore's traffic problem: not that it's bad enough to call in the marines or necessarily any worse than those of other big cities. But in Baltimore the Department of Commerce has a handy spot in which to study reasons for congestion, the cost of it, the possible ways out of it. Parking privileges, delivery routing, shopping habits will be scrutinized.

If you are waiting for the right time to invest

.. how will you know when it comes?

Some people who have funds for investment believe that they will be able to invest them to better advantage in the future. They believe that they will be able to buy bonds and stocks at lower prices. But how will these people know when securities have reached their absolute lows and are ready to start upward? Experience indicates that most buying is done after the rise has been under way for some time and the benefit of very low prices is largely gone.

This much is clear—over a period of time, good bonds will yield considerably less than they yield right now. Common stocks of strong corporations will yield less and be worth more than they are selling for at this time. Possibly prices may go lower some time in the near future, but most people will not buy securities at their absolute lows. Those who wait will lose income and an opportunity that is apparent to everyone.

If you have money to invest, place it now in high grade securities giving a good return. Your capital will be well employed and will increase over a period of time.

We shall be pleased to confer with you about your investment program

A. G. Becker & Co.

Sound Securities for Investment

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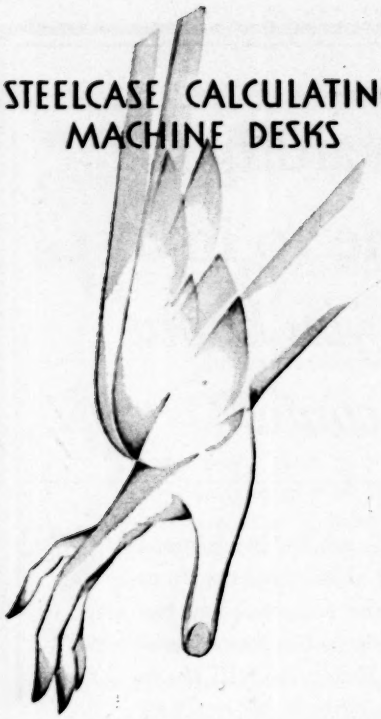

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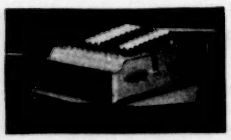
Speed with ease! This is the demand of the hour where figures count and fingers falter. And the Steelcase Calculating Machine Desk meets this demand thoroughly.

The Steelcase Calculating Machine Desk—the latest of a long line of fine steel office equipment—was designed and built for one purpose only—to make the calculating machine and its operator a more efficient unit. That it is accomplishing its purpose is evidenced by the fact that many of America's most prominent business concerns have adopted it.

The desk is small and compact—it saves valuable office space; it is attractive in appearance and practical in design; it makes fast calculating work easier and speeds the flying fingers of the most efficient operator.



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STEELCASE

. . . FOUND WHERE BUSINESS SUCCEEDS

After Office Hours . .

THE courtesy of the modern banker has become as proverbial as the crustiness of his predecessor. It is equal to all occasions—or almost all. Neighbors of Number 1 Wall Street, at the corner of New York's Broadway, are still persuaded that they have found the exception, even though they cite it in proof of the rule. At Number 1 Wall Street, the Irving Trust Company is erecting a new skyscraper home, which means tons of structural steel, which means riveting, which means shattered eardrums and shaken nerves for all around. Those who have suffered suffer no less because the Irving Trust Company sent polite letters to apologize for the disturbance caused by the necessary din. Wall and Broadway still hold that the riveting atrocity admits of no apology. But they are impressed by Irving's gallant attempt at the impossible. So was a New York builder who is now putting up an apartment house fronting on sleepy old Gramercy Park. Prominently posted on its steel skeleton is a sign board carrying the following inscription:

Our Sincere Apologies
To Our Neighbors
For The Unavoidable Annoyance
This Hammering Must Occasion

▼

WHEN local officials at Laredo, Tex., recalling a long-standing charge of murder against former President Calles of Mexico, notified him that he would be taken into custody if he came home from Europe via the Laredo gateway, some commentators said "Politics." But before the incident had been forgotten it turned out to be business, too. The Mexican consul at Laredo, "insulted" by the threat, closed up shop. Then things began to happen in the railroad yards. Shipments to Mexico could not be cleared through this border point and began to pile up as far back as New Orleans. The Interstate Commerce Commission was called in. It issued an order "in the interest of the public and the commerce of the people" authorizing the railroads to forward via Brownsville or Eagle Pass traffic in their possession originally routed through Laredo. The diplomats who successfully eased the political strain caused by the incident have done nothing as yet about the bill it ran up for American and Mexican business men.

▼

ANYONE can now "bring home the bacon." Kosher bacon has been invented in Milwaukee. It is made of steer, instead of pig. The Rabbi has given this new product his stamp of approval, so the egg need never more be lonely on any breakfast table.

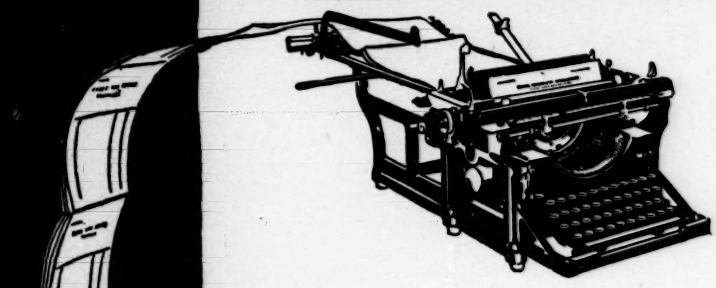
▼

Just as business has been moving north on Manhattan Island for more than 100 years, so it is moving north along Lake Michigan in Chicago. The old riverside fruit and vegetable market just north of the Loop, is now Wacker Drive, a two-deck thoroughfare lined with skyscrapers. Across the river the Merchandise Mart, largest building in the world, is nearing completion. State Bank of Chicago has just moved a few blocks north to merge with the Foreman banks. Middle West Utilities has migrated to Wacker Drive as tenant of the new Civic Opera skyscraper, Samuel Insull's dream come true. The Palm-olive building, northermost skyscraper, a mile up Michigan Avenue from Madison Street, is filling up.

▼

THERE is disagreement as to what office buildings of the future will be like. A prominent physicist proposes buildings without windows, contending that windows waste heat and are inefficient both for ventilation and lighting purposes. Frank Lloyd Wright, on the contrary, is working on plans to put big business in glass houses.

MANI-FOLD CONTINUOUS FORMS



Eliminate *Waste Motions* with this efficient combination

In your business, as in every business, time is money. You are vitally interested in saving it wherever you can.

In your record-writing department your operators spend about one-third of their time in going through these motions: taking up separate forms, taking up carbon paper, interleaving the forms and the carbon, jogging them into position, placing them in the typewriter, aligning them in the machine, setting them in position for writing, removing forms from the machine, separating the forms from the carbon paper.

Motions . . . wasted time . . . wasted money . . . over and over again!

Now consider the use of Mani-Fold Continuous Forms with the Underwood Fanfold Continuous Biller. Because of their continuous features, the typing machine is constantly loaded with forms, and all the operator has to do is: write—tear off completed forms. Think of the saving in *time* alone! The efficiency of your operators will be increased to 95%, and you will only need one operator where two or three were necessary before.

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FREE TO BUSINESS EXECUTIVES

FOR WEEK ENDING JANUARY 18, 1930

EDITORIAL

THE BUSINESS WEEK
A McGRAW-HILL PUBLICATION

Keep An Eye Abroad

• SEVERAL weeks ago we offered, on this page, a short, sweet slogan for American business in 1930. It was: "Prosperity Begins At Home".

That was only another way of putting the old principle of self-reliant individualism from which we are sure American business is not going to be weaned very soon, even by a temporary business slump. It was merely a reminder of what the business man is likely to do anyway at such a time—look into his own shop, office or plant, tighten up his business, make the most of his resources of labor, capital and intelligence, modernize his methods and machinery, study his line and his markets, interest himself in the business problems of his community and his region.

We don't want this advice misunderstood, as it has been here and there. It is not an appeal to the narrow provincialism of business. Nor does it suggest a revival of that aggressive nationalism in trade which sometimes comes with a period of intensified competition. Minding your own business is not in the least inconsistent with the counsel, equally important at this time, to keep an eye on what is going on abroad. For there is one field of business interest in which the principle of unqualified individualism not only breaks down but is disastrous and dangerous. That is the field of international relations.

Great things are happening abroad this year, things of the greatest significance for the future of American business. They may be difficult to understand, for they will probably not be easily interpreted; but it will be worth while for American business to watch them carefully, for they may be more important in many ways than what happens at home.

After more than ten years the World War has reached the final stage of financial liquidation at the Hague Conference, which will set up a new institution of international financial cooperation. At the London Naval Conference the United States and Britain are trying desperately to make the world take a long step toward peace and to reduce the burdens of war preparation. The League of Nations has passed its tenth birthday, and the scope and strength of its influence are being shown in conferences that have begun to grapple seriously with the problems of removing or lowering the barriers to world trade, and of securing international cooperation in reviving and strengthening the world's sick industries, coal and textiles. Britain is embarking upon a vast experiment in the social control of a basic industry, France is emerging as a great financial force, and Russia's activities and opportunities loom larger than ever before in world affairs.

The more American business understands of these changes the better prepared it will be to meet the problems they will bring. Prosperity begins at home, but it sometimes ends abroad.

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